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THE TARIFF  
AND  
THE TRUSTS



# The Tariff and the Trusts

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**New York**  
THE MACMILLAN COMPANY  
LONDON : MACMILLAN & CO., LTD.

1907

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Set up, electrotyped. Printed January, 1907

A 2753

THE MASON-HENRY PRESS  
SYRACUSE, NEW YORK



## PREFACE

SOME years have elapsed since the publication of a work on our protective tariff system. The passage of the Wilson Bill in 1894 dampened the ardor of men who had convictions that the McKinley Tariff was unjust. After a full discussion of the merits of that bill, they saw the people vote for a change of policy and they saw the people's will defeated through the action of a few recreant Senators. Since that time other national issues have diverted attention, and the Dingley Tariff, imposing duties of nearly fifty per cent. upon dutiable imports and giving rise to hundreds of trusts, has continued to oppress the people. The object of this volume is to supply in simple form a clear statement of the flagrant wrongs of that tariff. It is idle with such a tariff existing to attempt a discussion of the general question of free trade. Simplification is the keynote to every public issue with a moral core, and the simple but comprehensive question which we shall discuss is the injustice of the Dingley Tariff. Since 1867 the prevailing rate of duties actually paid upon dutiable imports to our government has exceeded that of any other country in the world. In recent years, by means of our improved machinery and intel-

ligent labor, we have been able to produce most of our highly protected products cheaper than any of our competitors. Prior to 1890 competition among domestic producers reduced the price of commodities considerably below the highest mark of the tariff barrier; but for the last seven years the trusts have suppressed this competition, and in many cases are now extorting from consumers the prices which prevailed for similar products in the fifties before the discovery of our rich ore fields or the advent of labor-saving machinery and the wonderful development of scientific processes. Taxes for public purposes, when reasonable and necessary, are an evil often grievous to be borne by the citizen, but a privilege of excessive taxation by private corporations corruptly acquired from government is simply an outrage.

Our people are unfortunate in the manner and time of discussing the tariff. We attempt in a single Presidential campaign the work of popular instruction which should be constantly going on. The people receive their information on the tariff at such a time when feeling runs high and the motive of speakers and newspapers to mislead them is strong. The inspiring ring of a beloved party's war-cry or of a trusted leader's voice does not inspire a condition of mind in which to reason calmly upon the merits of the tariff. There are Democrats who are protectionists and who can be counted on to help block any reduction

of tariff duties. There are Republicans who deplore the existence of the Dingley Tariff and who agitate for a system of freer trade. I have therefore sought in this volume to present an array of concrete facts which condemn our tariff and to present them so fairly and so candidly that my readers, forgetting their party alliances, will remember only that they are citizens of this great democratic Republic which will live as long only as it secures to its people equality of opportunity and protection from oppressive monopolies.

Protectionists are wont in the discussion of the tariff to hold up before the citizen the wealth and industrial strength of our country as a proof of the benefits of their system. It has always seemed to me that our great natural resources and industrial strength presented the very reason why a protective tariff was unnecessary, and therefore the reader must not be surprised that I accept the contention of protectionists as to our superiority in production and quote their words as the basis of my argument against the Dingley Tariff. The writer who opposes the despoiling of the people by this species of legislation is declared by protectionists to be a theorist, an idealist, a Utopian dreamer or a doctrinaire. Invariably he is charged with not basing his opinion upon facts. The difficulty is that men are given to accepting a partial presentation of facts for a complete one. General deductions drawn from superficial comparisons of the con-

ditions of different countries are valueless. It is only by a wide survey of the tariffs of many countries and of their past and present conditions that we can hope to arrive at any correct conclusion on the matter. To the student the habit of appraising current events by their relations to the history of the past is most important. One who does not know the history of our tariff from the earliest days cannot fully appreciate its terrible abuses in our own day. One who has not carefully read the heroic struggle for free trade in England more than sixty years ago has omitted important history the reading of which will stir the pulse and fire the blood of every lover of justice. Therefore I have not only given many concrete instances and glaring examples of the inconsistencies and oppressions of our protective system, but have also added historical sketches of our own tariff history and of that of England and Germany, our present commercial rivals.

On such a subject, especially to one busily engaged in professional work, indebtedness to the suggestions of friends and works of others is necessarily very great, and it is impossible to do more than make a general acknowledgment of their kindness and aid; special reference, however, should be made to Professor Taussig's "Tariff History of the United States," to "The Free Trade Movement in England and its Results" by Professor G. Armitage-Smith, to "Protec-

tion in Germany" by William H. Dawson, and to  
"The Truth About the Trusts," by John Moody.

New York, November 1st, 1906.

FRANKLIN PIERCE.



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THE TARIFF  
AND  
THE TRUSTS



# The Tariff and the Trusts

## CHAPTER I

### A CONDITION, NOT A THEORY

It has ever been the charge of men who have profited by protective tariffs and special legislation that those who oppose such laws come to the people only with a theory unsustained by facts. Governor Cummins, of Iowa, recently said: "All the robberies and thefts committed by all the insurance officers since the life-insurance business was originated do not amount to the extortion due to the Dingley Bill for one year." If he has stated the condition correctly, and I believe he has, the most important consideration is to get the facts which establish it clearly before the public, and I propose to place before my readers some of the terrible abuses which have been caused by our protective tariffs.

Protectionist writers generally have viewed the subject of the tariff from the producer's standpoint. The trend and current of legislation in the United States for fifty years has been in favor of the produc-

{er and against the consumer, in favor of scarcity and against abundance, in favor of dearness and against cheapness. You would think from the current discussion of economic subjects that the only matter of interest to the American people was the wealth and the prosperity of the great corporations, and that the welfare of the consumers, the great body of the people, was a matter of little importance. It seems to me that it is about time for a full review of the question from the standpoint of the consumer.

↙ Government cannot at one and the same time be a fountain of generosity to the manufacturer and of justice to the consumer. Privilege in any country is not for the many, but for the few, for the simple reason that when privilege is expanded to the consumers, who are the entire body of the people, it is no longer privilege. The richness of the soil and of mineral deposits and the natural advantages in our country have made the lot of man so fortunate, and the absolute freedom of trade between our states and territories has tended to mitigate the burdens of protection so greatly, that the ordinary man, absorbed in his work, heeds but little the extortions which protective tariffs impose upon him until, perchance, hard times come and he feels the sting of want. Again, our newspapers have given so much prominence in recent years to great fortunes rapidly accumulated, that the body of the people have become great admirers of

wealth and have come to measure the greatness of our country and its prosperity, not by an increase in the enjoyments of comfort on the part of the masses of the people, but rather by the rapid advancement of the few who dazzle them by the brilliancy of their success. We are apt to regard such success as a sign of national prosperity without giving a moment's consideration to its cost to the many. The result is to rate low the rights of the whole people and to rate high the interests of a class.

The theory upon which the Hamilton Tariff of 1790 was imposed and, in the main, all subsequent tariffs until the Walker Tariff of 1846, was that the industry of the country was largely agricultural, and that it was of public importance that we have a diversity of industries, and to that end infant manufactures should be aided by the law until they were sufficiently established to be able to compete with foreign industries. The Morrill Tariff, however, enacted in the midst of the Civil War, sprang directly from the necessities of government for revenue, and the duties imposed upon foreign imports by that tariff have been increased by each new tariff, with one exception, since enacted. But a marvelous transformation and re-organization of industry has come within the last thirty years, and the result is that, as has been well said, we have "no more need for protection now, than a candidate for Congress has need of a baby's bottle." Our superior-

ity over any other people in the world in manufacturing has been attained during the last thirty years through the following factors:

- ✓ First:—The energy and enterprise of our people.
- ✓ Second:—Our inventive talent and the marvelous increase in labor-saving machinery.
- ✓ Third:—The bountiful supply of food and raiment for the support of workmen, and the unlimited stores of iron ore, copper, lead and other minerals as the raw material of manufacturing.
- ✓ Fourth:—Low tax rate as compared with our chief competitors in manufacturing, thereby lessening the burdens of industry.

It may be that in some respects we overestimate our superiority to European people, but there is one respect in which our superiority to them never has been appreciated fully by our people. We have the most unceasing and resistless energy and activity ever found in any country in all history. Our American Yankee and his descendants have developed a degree of business capacity never known elsewhere among men. As to our people of foreign birth, every reader will appreciate that it is only the bravest and the strongest and the boldest who push out from their own country and brave the perils of the sea and of the strange land, and among these it is only the best who persist and become residents and citizens. These men bring the accumulated experience of their own countries crys-

tallized into ideas with them, and so we gather as the common property of our American people the opinions, the customs and the traditions of all races, and thereby become a sort of mental clearing-house of the whole world. Every ambitious and adventurous tendency of our people is fostered as in a forcing-house by the restless, striving spirit that pervades the whole atmosphere of American life. Where the men of other countries walk, we run. Where they find fault, we cry, "Don't grumble, boost." Where they are contented to have their day's work equal any former one, we aim to beat the record. In England the laboring men are hostile to new machinery, do not give their employers the benefits of their discoveries, and seem to believe that the employment of machinery is hostile to their interests. In Germany the laboring men are slow, plodding, methodical, without inventive talent, bound closely by traditions. In our country our native workingmen are the most intelligent, the most inventive, the most energetic which the world has ever produced, while our citizens of foreign birth, cut off from all their European surroundings, depending upon their own energies for success, breaking with all the traditions of their country, are exhilarated and inspired by the spirit of action which pervades the very air, and soon rank among our best workmen. The actual per capita production of the operative in the factories of this country, as will be shown in future

chapters, is at least twice as great as in the factories of any other country on the face of the earth.

But the intelligence and industry of our workmen are hardly to be compared in results with the marvelous increase in the use of labor-saving machines in this country during the last forty years. From the First Annual Report of the United States Commissioner of Labor, published about fifteen years ago, it appears that for a period of a few years before that date new machinery in the making of agricultural implements had displaced fully fifty per cent. of the manual labor employed in that industry. In the manufacture of boots and shoes the efficiency of labor had been increased in a short time more than fifty per cent. The Goodyears' sewing machine for turned shoes, with one man, sews 250 pairs in one day. It would require eight men, working by hand, to sew the same number in the same time. By the McKay machine a single operator could handle 300 pairs of shoes daily, where, without the machine, he could handle but five pairs in the same time. In the manufacture of brooms nine men, aided by improved machinery, could turn out 1,200 dozen brooms weekly, while before the invention seventeen skilled men were only able to manufacture 500 dozen in the same time. In power machinery a weaver formerly tended a single loom at a time, but in a modern cotton factory, two operatives run 2,000 spindles at the rate of thousands



of revolutions a minute. In the days of the single-spindle handle wheel, one spinner, working 56 hours continuously, could spin five hanks of No. 32 twist, but with one pair of self-acting, mule-spinning machines, having 124 spindles, one spinner, with the assistance of two small boys, could produce 55,098 hanks of No. 32 twist in the same time. Mr. Wright, writing, as we have said, some sixteen years ago and taking his facts from the first report of the Labor Bureau, said that it would require from 50,000,000 to 100,000,000 persons in this country working under the old system to do the work performed by the workers of to-day with the aid of machinery. But the invention and use of machinery has greatly improved since the times described by Mr. Wright. In a Connecticut factory 70 machines, directed by one machinist, three operatives and one boy, produce 7,500,000 pins all placed in papers and ready for sale in one day. One hundred years ago a single man could only make 4,800 pins in a day, while to-day he makes 1,500,000. The Nasmyth hammer is handled so deftly as to break an egg shell or crush hundreds of thousands of tons of molten iron. The compressed air drill, which years ago could only strike 25 blows a minute, strikes 500 blows to-day. The excavators for removing the iron ore from the earth, the electric cranes, the immense transfer tables and gigantic machinery of the steel plate mills, all handle hundreds of tons weight as lightly as

you toss a toy. In the metal working art, wire-drawing, sheet-metal making, forging, the making of tools, springs, tin cans, needles, hooks and eyes, nails and tacks, automatic machines do the work. The molded trimmings, paneled doors, carved mantels and turned balustrades of our houses to-day are all made by machinery and at an insignificant cost; while clothespins, wood-trays, tooth-picks, matches, boxing machines, corks, umbrella sticks, screw-driving machines, box-nailing machines, cigar boxes, paper and wooden boxes and a hundred other matters of like small kind are done almost entirely by machinery. We have the machines and we use them. It is not an uncommon event for our manufacturers after installing costly machinery to tear it out and send it to the scrap heap on learning of something better. The increase in the horse-power used in manufacturing between 1890 and 1900 was ninety per cent. According to the census report of 1900 about 20,000,000 horse-power is employed in manufacturing. Marvelous possibilities in manufacturing are opening up by the use of electricity. One man, by pressing a button or turning a knob, accomplishes to-day tasks which 500 men would have found it difficult to accomplish even ten years ago. However, it may be said that these wonderful labor-saving machines are the common heritage of mankind and are found in all countries alike, and therefore do not insure us superiority over other countries in manu-

facturing. This is not so. We employ labor-saving machines to an extent unknown in any other country. Under our United States patent law a patent can be granted only for a new invention, while in most of the European countries it is not essential to the procuring of the grant that the invention is a new one. Taking into account this fact, observe our wonderful lead in the issuing of patents. Since the beginning of the American patent system in 1791, and before 1900, 650,123 letters patent had been issued. More patents have been issued to American patentees than have been issued to Great Britain and France combined. More patents during that period have been issued in this country by 30,000 than were issued in all time to Great Britain, Belgium, Germany, Austria-Hungary and Spain combined. The following table will give the number of patents respectively issued prior to January 1, 1900:

United States .....	650,123
France .....	308,558
England .....	278,129
Belgium .....	154,155
Germany .....	126,114
Austria-Hungary .....	82,933
Canada .....	68,510
Italy-Sardinia .....	49,990
Spain .....	22,314

We not only use the greater number of machines, but we have specialized labor by carrying to the farthest extent of any people in the world the employment of a single man at a single process of the work.

The whole struggle for supremacy in manufacturing to-day is in the subdivision of labor and the use of the dynamo and automatic machines on the one hand and a greater proportion of hand labor upon the other. In both respects we lead the world, and in our factories there is shown the greatest ability in the saving of labor and its expansion. Three or four years ago, a commission representing the trades unions of Great Britain, known as The Moseley Commission, made a careful investigation as to our methods of manufacturing and made a report of the results of their investigation. I produce a question put to them and their answers thereto:

#### QUESTION

Do you consider American factories better equipped for production than English?

#### ANSWERS

Blast-furnacemen—Yes, very much better.

Iron-founders—There is not a great deal of difference, but what little there is is in favor of the Americans.

Iron and Steel Workers—There is no doubt that the leading mills of American manufacture are far ahead of our own best mills in their arrangement and output.

Engineers—In some respects American workshops are better equipped than English. They are

equipped with a greater variety of special tools made for special work and repetition work.

Shipbuilders and Boilermakers—The equipment of ship-yards and shops in other ways, that is in machinery, it not better than in Great Britain; in fact, better machinery can easily be found in the old country.

Shipwrights—Speaking generally, and applying the question as to ship-yards, I do not think so.

Sheffield Cutlers—Yes. There is a greater use of machinery and no expense is spared to secure any new device that will increase the output.

Midland Metal Trades—Yes.

Cotton Spinners—The only advantage is that a much better material is used.

Cotton Weavers—American cotton mills are well equipped.

Boot and Shoe Operatives—Some are, and, on the other hand, many are not. The employers in America do not hesitate to invest in new machinery, and if it does not come up to expectations, they put it aside. Any fresh idea is worked for all it is worth.

Leather Workers—Yes.

Paper-makers—Yes.

We are the greatest producers in the world of iron ore, of pig iron, of iron and steel manufactures, of hardware, of copper, of lead, of petroleum, of borax, of cotton, of corn, and of wheat. Our deposits of

iron ore are probably more extensive than those of all the rest of the world combined. The United States Steel Company and James J. Hill and the interests he controls, own or lease the great iron ore deposits of the Lake Superior regions. The United States Steel Company controls eighty per cent. of these deposits, and Mr. Schwab testified before the Industrial Commission that these deposits amounted to 500,000,000 tons, and that if they sold their ore, it ought to be sold at a profit of \$2 per ton, the modest sum of upwards of \$1,000,000,000. Pig iron is the raw material of the entire iron and steel industry, and it is the barometer of general business, indicating the confidence or distrust of all the trades. In 1905 our production was nearly 23,000,000 tons of pig iron. In the month of March last, we produced 2,165,632 tons of pig iron, as much as that produced by any other two countries. At the present rate of production it is estimated by a writer in the *Iron Age* that we will produce 30,000,000 tons of pig iron during the present year. In 1895 the United States for the first time produced more than half the world's total output of copper. The estimated production of 1905 was of the value of 943,000,000 pounds, an increase over the prior year of 130,000,000 pounds. We produced last year 340,000 tons of lead, and in 1904 more than one-half of the petroleum produced in the world, the whole production of petroleum being 9,303,000,000 gallons,

the production of the United States alone being 4,916,000,000 gallons. We produce more than one-half of all the cotton and more than one-half of all the corn grown in the world. With such production of minerals and such supplies of cotton and corn, is there any doubt about there being a sufficient basis for our industrial leadership?

Even under our existing national expenditure, which amounts to over \$400,000,000 more during the last four years than in an equal period immediately prior thereto, the burden of national taxes in ratio to product does not exceed above \$7 per head, or about three and one-half per cent. upon the value of the entire national product at its point of export and consumption; while in the competing manufacturing countries of Great Britain, France, Germany and the Netherlands, this burden ranges from \$12 to \$18 per head. It is \$18 in the United Kingdom, \$17 in France, and about \$12 each in Germany, Belgium, and Holland, and amounts to at least seven to fifteen per cent. of their product. Our people can make a net profit of four or five per cent. upon our entire national product before their competitors in the manufacturing states of Europe have been able to pay their taxes.

All the world recognizes our easy industrial superiority. M. Leroy-Beaulieu, the eminent French writer, in his recent work, "The United States in the Twentieth Century," based upon our census report of

1900, says: "There can be no question of the industrial  
"primacy which she has held probably since an epoch  
"midway between 1880 and 1890. Yet, curiously  
"enough, the proportion of the population occupied in  
"industrial pursuits is much less than the proportion  
"of the population similarly employed in England,  
"Germany or France. . . . Absolutely, as well as rel-  
"atively, the number of people in Great Britain en-  
"gaged in industry is much higher than the number of  
"people so engaged in the United States, although the  
"value of the goods manufactured by the former is  
"not much more than half that of the goods made by  
"the latter. . . . It can be explained only on the as-  
"sumption that the American workingman works hard-  
"er than the workingmen of other countries, or that he  
"receives more efficacious assistance from machinery,  
"or that both these conditions prevail. . . . We are  
"perfectly justified in concluding from them that the  
"work of an American workman is, on the average,  
"more productive than that of the British working-  
"man, and, *a fortiori*, than that of any other working-  
"man in the world. . . . American manufacture,  
"which, although of the most recent development, has  
"become for the reasons just stated the most powerful  
"in the world, may be said to typify modern manu-  
"facture conducted under the most favorable condi-  
"tions. The value of the products of manufactures  
"has increased more than six-fold during the last



“forty years, while at the same time the number of  
“workmen employed has less than quadrupled. Not  
“only have the great number of laborers, in propor-  
“tion to output, greatly decreased, but the number of  
“manufacturing plants in 1900 in the steel industry  
“and in the plants building agricultural machinery  
“have actually decreased in number, though the capital  
“employed has been multiplied many fold. . . . No  
“matter what may happen, the American iron and  
“steel industry in particular, will remain the first, the  
“most powerful, and the most progressive of all the  
“iron and steel industries in the world.”

Candidly, under the conditions described, can pro-  
tection in the United States be anything else but a  
crutch for limping incapacity, or a means of extortion  
on the part of the powerful combinations which take  
advantage of the tariff? The inevitable result of such  
conditions in a country where there is no interference  
with exchange between individuals and other coun-  
tries is an increased and an increasing abundance of  
all the necessities of life, and this is only the natural  
result of such efficient labor as we have and our use  
of labor-saving machinery. But what is the existing  
condition? Dun's Commercial Agency, which all will  
admit has no reason to exaggerate the facts, for many  
years has been carefully collecting data showing the  
per capita cost of living under seven different heads—  
bread-stuffs, meats, dairy and garden products, other

food, clothing, metals, and miscellaneous. The sum of the totals of these give us what we may call the per capita wholesale cost of living each year, which is very much lower than the retail or actual cost, and does not include rent, recreation or luxuries. It does include whiskey and tobacco. According to Dun's figures, the per capita wholesale cost of living July 1, 1897, was \$72.455; January 1, 1906, \$104.464; June 1, 1906, \$106.794—making the cost of living on June 1, 1906, 47.4 per cent. higher than July 1, 1897. These are only a few simple figures, but it is sometimes interesting to have the painful testimony of our weekly bills confirmed by statistics, and no elaborate exhibit could carry a more convincing indictment of the oppression of monopoly. At this rate of increase we will soon have to rate life itself among the luxuries.

By ingenious methods a few hundred men have destroyed our chances for cheap commodities, and have been able to take the consumers' money, without their knowing it, under the specious guise of a protective tariff. We imported in the year ending July 1, 1905, \$570,000,000 of goods upon which import duties were paid. The average ad valorem rate of duty on these was 45.24 per cent., but during the same period the amount of our domestic commerce—that is, largely of products raised upon our soil, dug from our mines and manufactured in our factories, was about \$20,000,000,000, thirty-five times the amount which we im-

ported. Now observe carefully, what the tariff allows the home producer to do.<sup>1</sup> The purchasers of the \$570,000,000 of imports pay into the Treasury of the United States an average duty of 45.24 per cent.; while the domestic producer, by reason of the tariff restricting foreign importations, raises the price of like products up to the duty line, and actually sells a considerable proportion of the \$20,000,000,000 of domestic products at a price enhanced by the amount of the tariff. This will be treated of more fully in the succeeding chapter. It is sufficient for the present to say, that for fifty years, the United States Government has been picking out favorites and bestowing upon them special privileges through the tariff, enabling them to sell their goods to the people of the United States at a price increased by nearly the amount of the tariff, notwithstanding the fact that during that period through the use of machinery the cost of production has been reduced in many cases to a fiftieth part of what it was before 1860. Yet to-day, under this iniquitous system, the producer has been allowed to continue the prices of commodities as they existed fifty years ago, and to absorb the results of his countrymen's labor to the amount of billions of dollars.

A few illustrations of how these favorites of government have been allowed to incorporate into the price of the product the amount of the tariff will be pertinent. From the year 1867 onward the duties on

manufactured woolen goods have averaged over 80 per cent. and during the period covered by the Dingley and McKinley Tariffs the consumers of woolen manufactures from abroad have had to pay a tax of no less than an average ad valorem duty of 92 per cent. Mr. Charles R. Miller, the editor of the *New York Times*, on the 20th day of April, 1900, in an address before the American Academy of Political and Social Science, at Philadelphia, said: "If the axe of horizontal reduction were laid in that spirit, not at the root, but at the tops of the Dingley Tariff, it would be strewn with the brushwood of unrighteous surplusage from many lofty schedules; and the woolen schedule that kisses the very heavens with its audacious rates of 289 per cent., 235 per cent., 195 per cent., and 184 per cent., pierces the blue vault with one lone projection of 379.94 per cent., and carries an average impost of 86.54 per cent., would emerge from the visitation in a truncated and lopped-off condition that would evoke loud cries from the beneficiaries of those sinful taxes." Excepting for the three years 1894 to 1897, during which the Wilson Tariff was in operation, high duties have been imposed on imported wool averaging about 44 per cent. during 37 years, and averaging during the existence of the present tariff not less than 52 per cent.—all for the purpose of protecting the flockmasters of Montana, Washington, Idaho and Wyoming who pasture their sheep over great ranges where

these "hoofed locusts," as they are called, are destroying the very soil, denuding the hills of trees, and thus impairing the patrimony of the nation. The total value of our wool clip rarely exceeds \$60,000,000, about one and one-half per cent. of the total agricultural output of the country. One of the curiosities of this tariff on wool is that the duty on wool imported washed is twice the amount to which it would be subjected if imported unwashed; while the duty on wool which is imported scoured is actually three times that which is levied on the unwashed material, making the test a question of soap and water and putting a premium on dirt and disease. Then the government, inasmuch as it has given the herders of sheep this high duty, gives to the manufacturers of wool a duty running all the way from 80 to 250 per cent. to counterbalance the duty on wool. The duty on woolen goods under the Hamilton Tariff of 1790 was about 15 per cent. By the Act of 1824 it was raised to 30 per cent. in the first instance and to 33 1-3 per cent. after 1825. By 1828 the manufacture of woolen cloth in this country, according to Professor Taussig in his work "Protection to Young Industries," had become securely established. When the tariff of 1828 was in preparation a body of New England manufacturers visited Washington. Of their statements before the Congressional Committee on Ways and Means, Professor Taussig says: "The opinion was expressed by

several that the mere cost of manufacturing was not greater in the United States than in England. That the American manufacturer could produce at as low prices as the English if he could obtain his wool at as low prices as his foreign competitor." Nearly eighty years after, for the purpose of benefiting a few wool growers in the West and a body of woolen manufacturers in the East, we have imposed three times the duty which existed in 1824. In England the consumption of wool per head has been steadily increasing for fifty years. In the United States the quantity of wool on the backs of our protected population is decreasing year by year. Here are the cold facts:

Population		Total U. S. wool consumption. lbs.	Imports into U. S. of woolen goods. dols.
1886	57,000,000.....	424,000,000.....	41,000,000
1903	80,000,000.....	461,000,000.....	19,000,000

The quantity of wool consumed in our mills in 1900 was only nine-tenths of that consumed in 1890, and was about 20,000,000 pounds less than was used in 1880, while the quantity of cotton used was 2,000,000 pounds more than was used in 1890. The quantity of shoddy used in the making of woolen goods shows an increased consumption of about 15,000,000 pounds during the same period, the total consumption being about 66,000,000 pounds. In the hosiery trade, too, the tendency to cut down the quality and the price by using more cotton and less wool is just as marked.

In 1890 there was used in this industry less than four pounds of cotton to one pound of wool, while the proportion in 1900 was more than twelve pounds of cotton to one of wool. Although the population of the country increased between 1890 and 1900 nearly twenty-two per cent., yet the actual wool used in this industry declined about fifteen per cent. Before the Industrial Commission in February and May, 1901, witness after witness appeared in behalf of the manufacturers of woolen goods and asked that the duty on raw wool be removed, and urged upon the Commission that if this duty was removed and a reasonable duty placed upon the imports of woolen goods, in that case the woolen manufacturers would become large exporters of woolen goods. Mr. Arthur Shadwell, in his work of the present year on "Industrial Efficiency" and the comparative cost of living in the United States, Great Britain and Germany, the most thorough investigation upon the subject ever published, says: "A suit of clothes which can be bought for £2 or £3 in England, cost £4 to £6 in America, and similarly with some other articles. An English workman told me of his experience with regard to hats. He brought with him to the States a felt hat which he had bought for 7 shillings and six pence. When it got rather shabby he wanted to buy a new one and asked for a hat of the same quality. The price was 28 shillings."

We produce about 11,000,000 bales of cotton annually, which is more than the product of the rest of the world. Alongside of our cotton fields are scattered many of the factories where the cotton is woven into cloth, and the price of labor in those factories is less per day to each operative than it is in England. Yet our annual exports of manufactured cotton, consisting largely of coarse cloth from these Southern factories, amounts to only about \$50,000,000, while the exports of manufactured cotton goods from Great Britain, which carries its raw materials from our cotton fields across the Atlantic to its factories, is \$300,000,000. We have protected the cotton industries since 1816, when a duty of 25 per cent. was imposed, yet after eighty years of fostering this industry it is protected in 1905 by an average ad valorem rate of duty upon all dutiable imports of 49.40 per cent. Professor Taussig, in his "History of the Tariff," says: "Probably as early as 1824, and almost certainly by 1832, the industry had reached a firm position, in which it was able to meet foreign competition on equal terms. Mr. Nathan Appleton, who was a large owner of cotton factory stocks, and who was also, in his time, one of the ablest and most prominent advocates of protective duties, said, in 1833, that at that date coarse cottons could not have been imported from England if there had been no duty at all, and that even on many grades of finer goods competition



was little to be feared." Now, more than sixty years after this industry had become firmly established and able to walk alone, it procures from our Congress an average duty of 49.41 per cent. upon all dutiable imports of cotton. We have simply impaired the strength of the cotton industry by coddling it. Will this weakly infant ever grow to independence?

Sewing silk has been made in one way and another for over a century in this country. It was carried on in many of the Eastern states immediately after the Revolution as a household industry. By 1829 machinery began to be invented and improved for its manufacture. Between 1852 and 1860 the industry developed rapidly, and the census of 1860 reported the value of sewing silk to be no less than \$3,600,000. Up till 1860 Congress had not imposed protective duties upon the importation of foreign silk. Under the tariff of 1864 an average ad valorem duty of 60 per cent. on imports of silk was imposed, and it continued till 1883. From 1883 to 1897 the duty was 50 per cent., and the Dingley Tariff increased that duty considerably, imposing such high duties on the cheaper silks as to be practically prohibitory.

The duties upon imported woollen, cotton and silk goods are what are known as compound duties, imposing specific duties upon the yard and the pound and ad valorem duties upon the value, and resulting in much higher duties upon the lower priced commodi-

ties purchased by people of moderate means than upon the higher-priced goods of the same class purchased by the wealthy. Thus, upon a class of English dress goods made of a mixture of wool and cotton and costing 17 cents per yard in London a duty of 50 per cent. ad valorem and 44 cents a pound is imposed, equivalent to a duty of  $30\frac{1}{2}$  cents per yard, or 166 per cent. These goods retail in London for 25 to 28 cents a yard and in the United States for 75 cents per yard. In the same class of goods of a higher value, with the same apparent duty, costing 64 cents a yard in London, a duty equivalent to 78 cents a yard, or 121 per cent., is imposed. So you will see that poor people buying the cheaper grade pay 45 per cent. more duty than the wealthier class purchasing the higher-priced goods. With regard to cotton goods, a yard of cheap quality of dotted swiss which costs 16 cents a yard in Paris and pays a duty of 35 per cent. ad valorem and a specific duty of  $3\frac{1}{4}$  cents per yard, pays a duty equivalent to  $9\frac{1}{4}$  cents a yard, or 58 per cent. of its cost price. Now, a finer quality of dotted swiss purchased by the wealthier people, and costing 48 cents in Paris, is in the same class, and pays the same apparent duty of 35 per cent. ad valorem and  $3\frac{1}{4}$  cents per yard, equivalent to a duty of 20 cents per yard, or only 43 per cent. instead of 58 per cent. of the cost price. A yard of cheap silk and cotton mill, costing 8 cents a yard in Paris and paying a

duty of \$1.30 per pound, pays a duty of 80 per cent. of its cost price, while a finer grade of mull, costing 23 cents a yard and paying the same duty, \$1.30 per pound, pays a duty of 50 per cent. instead of 80 per cent. of the cost price.

Not only does the tariff impose a higher tax upon the poor purchasing the cheaper grades than upon the wealthier people purchasing the better grades, but upon the cheaper grades of goods not coming under the same apparent schedule specific duties are imposed upon the cheaper grades and ad valorem duties upon the costlier grades. Thus, in linings, cheap buckram pays a duty of  $1\frac{1}{4}$  cents per square yard, or 55 per cent. of the cost price, while the higher-priced organdie pays only a duty of 35 per cent. ad valorem. In velvets some of the expensive silk velvets pay a duty of only 50 per cent. whereas the cotton velvet used by the poor pays a duty of \$1.50 per pound and 15 per cent. ad valorem, equivalent to 70 per cent. Running through the entire schedules of the tariff of 1897, involving thousands of articles, we find the use of specific duties per yard and pound imposing high duties upon the cheaper grades of imported goods and duties from twenty to fifty per cent. lower upon the costly goods bought by wealthier purchasers. In a subsequent chapter on Our Tariff History, under the title McKinley Bill, we have gathered a large number of illustrations of this injustice. The result of this

method of imposing duties is that nearly all the cheaper grades of goods are actually prohibited from import, and the trust is thus afforded an opportunity to impose its prices upon the goods of the poor without the slightest competition from foreign imports.

Pig iron and hammered iron were produced in the colonial days of the country so cheaply and with such abundance that the English iron masters were jealous of our superiority in its manufacture. Hamilton, in his famous "Report on Manufacturers," said: "The continuance of bounties on manufactures long established must always be of questionable policy, because a presumption would arise in every such case that there were natural and inherent impediments to success." And, speaking of manufacturing industries which were then established in the United States, he says: "It is certain that several important branches have grown up and flourished with a rapidity which surprises," and among these he especially mentions pig and bar iron. Now observe that the protectionists of the country hold up Alexander Hamilton as the man to whom they owe the protective policy of the country and Hamilton, the practical author of our protective system, creating a fiscal policy for his country, knowing the exact condition of things, regarded the production of pig iron and bar iron as so well established in 1790 as not to be in need of protection. Of this Professor Taussig says: "No protection was

attempted to be given to the production of pig iron or bar iron, for it was thought that the domestic producers would be able to compete successfully with their foreign competitors in this branch of the iron trade." One hundred and sixteen years later, possessing the greatest deposits of iron ore known in the world, with the most intelligent labor, with our foundries, plate mills, rail mills, tin-plate mills, and wire-nail mills, equipped more completely than any in the world; exporting as we do, according to the recent statistical report of James M. Swank, general manager of the American Iron and Steel Association, for the year ending July 1, 1906, iron ore, iron and steel in the amount of over \$143,000,000, home value, producing about half the product of pig iron in the world, we impose an average ad valorem rate of duty of 49.46 per cent. upon the entire schedule of iron and steel, and upon pig iron alone a duty of \$4 per ton. Before the Tariff Commission appointed by the Conservative Government of England at the instance of Mr. Chamberlain in 1903, came as a witness Mr. J. S. Jeans, the Secretary of the British Iron Trade Association, probably the best qualified to speak upon the comparative cost of producing steel in Great Britain and in the United States of any man in that country. Mr. Jeans testified: "Our own home market does not absorb more than 3,000,000 to 3,500,000 tons of steel a year, whereas the American market consumes nearly

15,000,000 tons, and the German market consumes nearly 5,000,000 tons. The much greater output of a given steel plant in the United States than in any other country is partly due to the more suitable composition of the iron used, partly to more speedy methods of charging furnaces, and partly to the use of molten iron. *Even when the plant employed is fully up to date, as it is in many English works, the quantity of steel produced is less than one-half, and sometimes less than one-third, the quantity produced in the best American practice.*" This agrees with the statement of M. Pierre Leroy-Beaulieu above, and shows beyond any question that we are capable of manufacturing steel billets and rails at considerably less cost than can the iron masters of Great Britain, and that there is no reason whatever for the existence of our protective duties on steel in any form. In fact, the Tariff Commission in England reported that the Americans were able to produce steel at much less cost than the English producers, and recommended a tariff for that reason upon all our products of steel. In 1877 the average price of steel rails in England was only a little over \$28 per ton, while the duty on imports of steel rails into this country was \$28 per ton. Even as early as 1877 steel rails could be made in this country as cheaply as in England, but that duty of \$28 per ton continued until 1883; and our domestic producers of steel rails sold them during that period at from \$61

per ton to \$67 per ton, making 100 per cent. yearly upon the money invested. Congress knew this fact, or at least ought to have known it, but in the Dingley Bill it imposed a duty of \$7.84 per ton upon steel rails, when for twenty years we had been manufacturing them cheaper than any other country in the world.

The United States Steel Corporation is the greatest industrial giant on earth. Its total capitalization on December 31, 1903, was \$1,442,714,114. This capitalization was based upon actual assets at the time of its formation of not over \$500,000,000. The only method of sustaining such a capitalization at a later stage in the Hodge suit was by estimating the iron ore properties, the coal, coke and gas fields, and the limestone properties at \$824,000,000, when, as a matter of fact, they were regarded at the time of their purchase or lease as less than half that value. The deposits of iron ore computed in this estimate at \$700,000,000 are actually assessed by the Minnesota authorities for taxation at only about \$40,000,000. For the two years ending December 31, 1903, its gross sales and earnings amounted to \$1,100,000,000. These, however, included sales from one subsidiary company to another, which were estimated as amounting to \$300,000,000, leaving \$800,000,000 as the gross receipts for the two years. Its net profit for those two years was \$242,479,916, leaving the total cost for the goods produced \$558,000,000. This \$242,479,916 profits

were the profits on 15,832,922 tons of finished steel goods, an average of \$15.31 per ton, or over 40 per cent. of the total cost of the product. Mr. Byron W. Holt, the editor of *Moody's Magazine*, in 1904 prepared, in a publication of the American Free Trade League, the following schedule giving the amount of each of the sixteen products of the steel trust during the two years ending December 31, 1903, the amount of duty upon each product, and the whole amount of the tariff profit upon each product.

Statistics of Production, from the Second Annual Report of the United States Steel Corporation for the two years ending December 31, 1903:

	Production 1902, 1903. Tons.	Duty Rate per Ton	Tariff Profit
Steel rails.....	3,855,101	\$7.84	\$29,635,000
Blooms, billets, slabs, sheet and tin plate bars .....	1,275,929	6.72 to \$105.48	9,920,000
Plates .....	1,169,254	11.20 up	12,880,000
Merchant steel, skelp, shapes, hoops, bands, and cotton ties.....	2,252,155	11.20 up	22,520,000
Tubing and pipe.....	1,539,883	35% to 44.80	11,800,000
Rods .....	211,029	8.96 up	1,800,000
Barb wire .....	700,000	28.00	9,600,000
Wire nails .....	800,000	11.20 up	8,250,000
Other wire and products.	749,414	33.60 up	8,400,000
Sheets—Black and Galvanized .....	738,791	21.16 up	8,760,000
Tin plate.....	900,000	33.60	22,000,000
Finished structural work.	950,721	11.20	10,000,000
Angle and splice bars and joints.....	278,663	8.96 up	2,100,000
Spikes, bolts, nuts and rivets .....	96,243	13.44 to 44.80	1,200,000
Axles .....	256,503	22.40 up	2,880,000
Sundry iron and steel products .....	59,236	11.20	600,000
	<u>15,832,922</u>		<u>\$162,345,000</u>



Mr. John R. Dunlap, writing to the *Evening Post* of New York under the date of September 8, 1904, says of sales by the United States Steel trust in England and the United States: "In the spring of 1903 I had occasion to get exact market quotations for various iron and steel products in free trade England and 'protection' America. The quotations were supplied by one of the oldest and most reputable New York firms engaged in iron and steel, and they were as follows, the quotation in each case being for a long ton of 2,240 pounds f.o.b. at Middlesboro and Swansea, England, and f.o.b. Pittsburg, Pa., the prices being those current during the first half of May, 1903:

	England.	United States.	Dingley Duty
Merchant bar iron.....	\$30.00	\$48.10	\$13.44
Bessemer billets .....	20.00	30.00	6.72
Bessemer pig iron .....	14.36	19.35	4.00
No. 3 foundry iron .....	11.40	19.75	4.00
Gray forge iron .....	11.25	19.00	4.00
Tank plates .....	30.91	38.08	13.44
Black plates .....	50.40	72.80	29.12"

Mr. Herman B. Butler, the vice-president and secretary of the firm of J. T. Ryerson & Son of Chicago, iron merchants, dealing largely in iron and steel in the form of bars, sheet plates, tubes, etc., appeared before the Industrial Commission, and the following questions were asked him and the answers given:

Q. What, then, is the use of the tariff?

A. You mean in reference to this at the present time?

Q. Yes, any time. When we have reached a point where we can produce cheaper than they can abroad what do we want a tariff for?

A. I should say that when the price reaches that point the tariff ceases to be of any service to us.

Q. This very statement you have made to that effect, that American goods are often sold abroad cheaper than they are sold in the United States, has been given as an argument in favor of a reduction in the tariff. Do you think that it is an argument in favor of the removal of the tariff?

A. Well, if I were a manufacturer, I should say that that was not a sufficient argument; but, as a taxpayer, I should say that it was.

The duty on tin plate was 2 cents a pound under the McKinley Bill, 1 cent a pound under the Wilson Bill and is 1½ cents a pound under the Dingley Bill. There is no duty upon pig tin, there is no pig tin in the country. It takes two and one-fourth pounds of tin to coat one hundred pounds of tin plate. The tin plates are known as the black plates, and are produced by the United States Steel Company, which, since its incorporation, has owned the tin-plate industry. Therefore the raw materials with the exception of pig tin, are produced by the makers of tin plate and procured at their lowest cost. Congress placed this high duty originally upon tin plate upon the statement of those who sought the duty that they could establish

the industry and sell tin plate to our consumers at a less price than it could be procured from the English manufacturers in Wales. To obtain the establishment of this industry, according to a statement of Mr. Byron W. Holt, made in the fall of 1899, from the time of the enactment of the McKinley Bill until that date the tariff on tin plate had laid a burden of between \$80,000,000 and \$90,000,000 on our consumers. At the time Mr. Holt wrote, and for some time prior thereto, the tin plate combination had an agreement with the makers of the machinery used in making tin plate not to furnish the machinery to independent makers. Since that time the duty of  $1\frac{1}{2}$  per cent. has continued, and in June of the present year tin plate was being sold to domestic consumers at 65 cents a box more than the same box of tin plate of the weight of one hundred pounds could be delivered from the mines in Wales. Up till the present time the American consumers have probably paid at least \$125,000,000 over and above what their tin plate would have cost them purchased abroad, to establish this industry; and now, although the duty was imposed upon the statement of the promoters of tin plate that they could establish the industry and sell tin plate at a lower price to our consumers than was charged by the Welsh manufacturers, we have positive proof that they have not performed their promises. In the fiscal year ending June 30, 1890, before the enactment of

the McKinley Act of that year, we imported 674,664,458 pounds of tin plate. Its cost in bond was \$20,746,427.73, or \$3.07½ per hundred pounds. On June 11 of the present year one hundred pounds of tin plate cost \$3.75 at the mill in Pennsylvania, or \$3.93 at New York, nearly a dollar a box more than it cost in 1890. Is the steel trust an infant industry which needs protection? Is it necessary at this stage of the development of this industry to favor it by such high duties? Is it not even evidence of corruption to find such gigantic strength assumed by government as needing protection, while the consumer's inability to protect himself against the exactions of such a trust passes unheeded? Are we never to withhold the milk ration from the Pennsylvania nursery? Already the baby has a suction power of many million horse-power.

The average ad valorem rate of duty on sugar, as appears by the Department of Commerce and Labor Reports for foreign commerce in 1904, is 75.35 per cent. A considerable proportion of this duty is upon raw sugar. The protection on refined sugar which goes to the refiner is at least 12½ cents per hundred pounds, and is claimed by Henry T. Oxnard of the beet sugar industry to be fully 50 per cent. In 1877 the first sugar trust was formed, and since that time, although the machinery for refining sugar has been improved, and the methods of business also im-

proved, yet the price of refined sugar has been steadily maintained, while the price of raw sugar has materially and steadily decreased. Since the passage of the Dingley Duty, according to competent experts we have been paying to the sugar trust, in the increased price of sugar by reason of the duty on refined sugar, at least \$20,000,000 yearly over and above the sum paid by it to the government as a tariff tax. The same authority computes that out of every dollar's worth of sugar that we buy, 40 cents is for tariff, a large portion of which remains with the trust.

On December 20, 1900, there appeared before the Industrial Commission Mr. George H. Mayer, who had charge of the purchase of plate glass for the house of John Lucas & Co., of Philadelphia—a house established in 1848 and well known all over the United States. Mr. Mayer testified that the Pittsburg Plate Glass Co., which controls eighty per cent. of the sale of all the glass in the United States, within the three years since the passage of the Dingley Bill in 1897 had increased the price which John Lucas & Co. was obliged to pay them for plate glass in the amount of 150 per cent. The duty on plate glass is about 80 per cent., and, as will appear in a subsequent chapter, the jobbers were forbidden by the trust to purchase it abroad. Mr. Mayer was asked by the Industrial Commission:

“Q. Will you take particular classes of glass and

show what the prices were two years ago, three months, six months and so on for the last two years' period?

"A. Yes; I can take a stated size and show you what it was worth three years ago and what it is to-day. I can give you that in detail now, so far as the domestic article is concerned, but I cannot with reference to the foreign. I will give you three examples. Take size 12 by 60—that is, 12 inches by 60 inches—the price two or three years ago was 75 cents a light; to-day it is selling for \$1.88. Size 24 by 60, the price two or three years ago was \$2.40; to-day it is \$6. Size 24 by 84, two or three years ago was selling at \$4.44; to-day it is selling at \$11.38. The basis that I take on the price two or three years ago is 90 per cent. discount; the basis to-day is 75 per cent. discount.

"Q. Those are sizes in common use?

"A. Those are sizes largely in demand; in fact, those three sizes cover the greater part of the demand."

The duty on window glass generally, both under the McKinley Bill and under the Dingley Bill, varies from  $1\frac{3}{8}$  cents to 3 cents per pound, and averages about 2 cents per pound. This is generally equivalent to between 80 and 100 per cent. and often exceeds 100 per cent. From 1860 to 1890 prices in this country declined an average of eight per cent., although foreign prices declined fifty-four per cent. from 1867

to 1890. The duties on pottery are about the same as upon window glass, although the first pottery manufactory was established in South Carolina in 1765, and the industry in those days was of sufficient importance to cause alarm among the makers of pottery in England.

The duty on beef and pork is 2 cents a pound. The duty on bacon and hams from 1880 to 1890 was 2 cents a pound, by the McKinley and Dingley Bills it was made 5 cents a pound. In 1860 butchers paid about the same for cattle as to-day, and they slaughtered them without the use of machinery, availing themselves in no respect of the numerous by-products which the meat packers of Chicago to-day so carefully save, and yet the prices of beef and pork, according to the tables of the R. G. Dun Mercantile Agency, referred to above, show but little difference between the cost of meat to the consumers in 1860 and the present time.

The National Boot and Shoe Manufacturers' Association in Boston recently announced that the price of shoes would have to be changed in the near future, unless something was done about the tariff on hides. What a few years ago was the \$3.00 shoe is now the \$3.50 shoe. The shoe industry is perfectly willing to relinquish 25 per cent., the import duty on boots and shoes, if it could be relieved of the 15 per cent. duty on hides. Ex-Governor Douglas, of Massa-

chusetts, tells us that this duty adds about 7 cents a pair to the cost of producing the grade of shoes which he manufactures. It puts \$2,500,000 into the Treasury of the United States, and \$7,000,000 of profit into the hands of the beef and leather trusts.

Nearly every implement made by our hardware manufacturers is highly protected from foreign competition. Notwithstanding this fact, for twenty-five years these manufacturers of hardware have been shipping their product all over the world and selling it in competition with the productions of other countries. A hardware merchant of fifty years' experience in the trade, writing in the issue of the *Iron Age* of January 4, 1906, says: "It may be relied upon that the American hardware trade enjoys no ephemeral existence, does not depend upon the tariff or any other kind of legislation, but is solidly based upon national advantages and the national character, and therefore can never be seriously affected by foreign competition come from what quarter it may." If the success of the industry does not depend upon the tariff at all, if, as we shall hereafter show, our hardware merchants are selling their goods in Canada at prices considerably lower than in the United States and requiring the jobbers there to exact from the hardware merchants an agreement not to sell under certain prices lest it disturb their American trade, why should the duties on imports of hardware be continued? Do our hard-



ware merchants expect that their American customers will continue to be fleeced and will enjoy being fleeced in the future? The imports of hardware of 1855 were practically the same as in 1905. It is perfectly evident that all duties upon hardware are unnecessary for the prosperity of the manufacturers of hardware, and still they insist on keeping these duties upon the statute book and using the duties as a means of extorting money from the American people.

We need lumber to build and repair our houses, which the vast stores of Canada are ready to furnish us, but the Dingley Tariff intervenes and says: "First pay the extra \$2 a thousand"; and we hack down our own forests, dry up the sources of our rivers, destroy the supply of water for irrigation, and thus impair the power on which we must depend eventually to furnish us with electricity. We need steel and iron beams and girders for our buildings, but load them with heavy duties. We require cement in great quantities in the erection of buildings, and can make it probably as cheap as any other people; but before we can get a barrel of it the tariff tribute must be paid at the rate of 8 cents per hundred pounds, including weight of barrel and package. The Official Bureau of Labor at Washington, in its recent report, estimates that if a person built a house in the year 1905, he would have to pay 41.4 per cent. more for his materials than in the year 1897. That is, a house in which the material

cost \$3,000 in 1897 would cost \$4,242 for the same material in 1905. When you buy a jack-knife of foreign make for fifty cents, you pay about 150 per cent. duty thereon. When your wife buys a pair of the cheapest foreign scissors, she pays a duty of at least 100 to 150 per cent., and on the commonest table knives and forks of 100 to 200 per cent. The duty on a pound of Sumatra tobacco, the foreign cost of which is 75 cents, is only \$1.85, or 384 per cent. Mr. John Sharp Williams recently presented in Congress a schedule which he had caused to be compiled from actual imports in the port of New York showing 57 separate articles of import upon which the duties ran all the way from 100 up to 251 per cent.

• These duties are mysteriously incorporated in the price of about everything which the mechanic, the farmer, the house-builder and the housewife buy. They do not add a dollar to their worth, but are simply a private tax permitted by government to the safeguarding and increase of the income of profit of a few hundred manufacturers and wool-growers who have succeeded in maintaining for their own advantage this confusion between public and private right. We have constituted in this land of the free by our own suffrages a privileged order, which, instead of being exempt from the payment of taxes, as was the privileged order in France at the time of Louis XIV and Louis XVI, itself, through the government, imposes

private taxes on all of its fellow-countrymen. This tax decreed by government is devoted only in a small part to the maintenance of the expenses of government, but is imposed at the behests of a few men, and permits them to continue into the twentieth century the customs of France in the eighteenth century, when the lord laid dues upon the serf for his own advantage. Suppose that the government should pass a statute requiring every laboring man to work for a certain wage per day or requiring every producer of grain or wheat or corn or oats or hardware or any commodity produced in this country to sell this product at a certain price below the market value, our people would declare this a usurpation of power, and the courts would declare the statute void, as impairing the obligation of contracts and the right to contract. Government does not do this, but is it not an equal usurpation of power to impose duties which result in certain favored producers selling in a restricted market at an enhanced price which the citizen must pay or starve? The condition has become so bad that our politicians dare not take a step back to a healthful condition lest that step cause such depression as to destroy their political aspirations. When you ask them to give up a single one of these terrible abuses, they fling up their hands and say, "If we open the case for discussion, the whole theory of protection will fall to the ground, and therefore we must 'stand pat.'" This simply means that

the conditions are so bad that they fear to touch this foul ulcer of the Commonwealth lest it bring upon us a panic.

Indirect taxation by means of a tariff is always an oppressive tax, because it is not imposed upon property, but falls upon the food or necessities of life of the people; but when connected with such a tax and as a direct result of such a tax powerful industries are allowed to extort billions of dollars from the people of a country in enhanced prices, it is simply outrageous. The hearths of the humble people of this land are not sacred when such injustice can be practiced upon them without exciting public indignation. Every farmer who strings a fence or builds a barn, every house-builder or contractor, every person using iron or steel or glass or pottery, must pay tribute to the beneficiaries of this tariff. Even as I write thousands of farmers are trundling along in their farm wagons back from town and city to the farm with a reel of barb-wire, a keg of nails, a little iron or steel to be used upon the farm, some cutlery, hardware, glassware, tin ware or clothing for themselves or family, and each and every one of them has paid therefor a price enhanced by the tariff in an amount of from 30 to 250 per cent. In the current issue of the Bulletin of the Department of Labor at Washington, we find a contribution from S. E. Forman, describing, with great minuteness, the life and expenditures of nineteen

selected families of the poorer class of laboring men. He tells us that they are representatives of many honest industrial citizens who help to make the world around us the pleasant place it is, yet these families are described as being upon the verge of starvation. His description brings a vision of thousands of families—not individuals, but families—of fathers, mothers and children, ragged, pallid and ghastly, passing on during all these last fifty years of tariff extortion in never-ending procession from the cradle to the grave, each paying its tribute to this monstrous injustice; and while the procession passes I hear the voice of one of our great industrial barons, protected on his bituminous coal product by a duty of 67 cents a ton, and I hear him say of himself and the others who are conducting the industries of this country that they are “Christian gentlemen to whom God has committed the property interests of the country.” The wealthy beneficiaries of the tariff almost invariably identify themselves with Providence itself, and, in atonement for their wrongs to the American people, scatter millions indiscriminately in charity. Thomas Carlyle, speaking to the English people in the hungry forties before the Corn Law was repealed, said that he saw around him “dingy, dumb millions, grimed with dust and sweat, with darkness, rage and sorrow, saying or struggling as they could to say: ‘Behold our lot is unfair, our life is not whole, but sick; we cannot

live under injustice ; up ye, and get us justice.' ” And this is the message which the facts detailed in this chapter bring to Congress. The American people do not want charity ; they want justice and merely the commonest kind of common justice. “Up ye, and get us justice.”

## CHAPTER II

### THE TRUSTS RESULTING FROM THE PROTECTIVE TARIFF AND LEADING TO SOCIALISM

THERE is no novelty in our American trust. In the good old days kings would give their favorites monopolies at the public expense. Salt works, mines, quarries, and forests were regarded by all the ancient monarchs as crown properties. They were farmed out to favorites who undertook to pay therefor a certain fixed rate, and were given full liberty by the monarch to make as much profit out of the transaction as they could. The natural result was a greatly increased price of the necessities of life. The guilds of the Middle Ages were also a prototype of our modern trust. Before the nineteen century towns, districts and nations in Europe were everywhere surrounded with walls of legislative restrictions intended to keep out the monster, trade. Monopolies existed in the time of Martin Luther, and those who created and profited by them received from him severe censure. In his work entitled "Trade and Usury" he says: "Unless one is stupid, one must see that these organizations are nothing more than 'monopolia.' When worldly law prohibits these combinations, so injurious to the

whole world, I need say nothing of godly and Christian Law. These industrial combinations do everything they please, raise and lower prices according to their own will, and to the injury of small merchants. They are like the pike who attacks small fishes in the water, acting as if they were the masters of God's creatures, and beyond all law, belief, and love. It is not to be wondered at that small merchants, not wishing to lose, comply with the wishes of these monopolies, for to receive a certain pfennig is better than an uncertain gulden." The Court of General Quarter Sessions of the Peace was the first Court established in the colony of New York. This Court opened August 7, 1694, with Abraham De Peyster as presiding Judge. The first indictment found in this Court was against John Watson, who was accused of forestalling the market, and prosecutions for forestalling the market continued in New York for many years.

Not are the reasons given in our day for creating trusts new. Elizabeth granted patents or privileges to her favorites for the exclusive sale by each of them of the commodity mentioned in his patent. The patentees exacted oppressive prices for their commodities, and a storm of indignation arose in England. When a delegate from the indignant Commons begged Elizabeth to recall the patents, the Queen replied: "Since I was Queen yet never did I put my pen to any grant but that upon pretext and semblance made



unto me that it was both good and beneficial in general though a private profit to some of my ancient servants who had deserved well." Ever since the time of Queen Elizabeth, governments, tempted to exercise arbitrary power in granting oppressive tariffs or authorizing monopolies and trusts, have ever maintained as did Elizabeth that they were "good and beneficial to the subjects," and have not been wanting in finding a "pretext and semblance" of reason for their action.

The English Common Law since the reign of Henry V has regarded combinations to control prices of commodities as opposed to public policy. In the case of the sugar trust several corporations engaged in the manufacture of sugar selected trustees and conferred upon them the right to conduct the business of manufacturing sugar, giving them the power to suspend the action of any corporation, to dismantle factories, and to practically destroy the corporate life of any one of the corporations. The Courts of New York found sufficient evidence to establish an intent to combine the different corporations and control their action with the purpose of increasing the price of sugar, and for that reason, as well as for the reason that the power to suspend the operation of corporations was placed in the hands of the trustees, held the combination void. The men connected with the sugar trust, however, having tasted the advantages of monopoly were not content to relapse into a system of

competition. Without statutory authority a corporation could not invest its assets in the purchase of the stock of other like corporations, and so the Legislature of the State of New York in the early nineties enacted a law permitting this to be done. A similar provision of law was enacted later in New Jersey, in Delaware, and many other states; and out of these state laws has arisen the modern corporation, either owning or controlling a vast number of corporations, and creating a monopoly in the manufacture or sale of the necessities of life. It is a matter worthy of notice, and a commentary upon legislation in these days, that the very Legislature in the State of New York which gave this right to a corporation to create a monopoly by the purchase and control of other corporations engaged in like business, enacted a most drastic statute, punishing any arrangement or combination whereby a monopoly in the manufacture, production or sale of any article or commodity in common use was created, and declaring such a monopoly a misdemeanor, punishable by a fine not to exceed \$5,000, or imprisonment for not longer than one year, or both said fine and imprisonment. By the statute allowing a corporation to purchase stocks of other corporations the Legislature marked out the way for the creation of a monopoly and legalized it, and then turned around and at the same session, with a great cry against monopolies, passed a statute punishing the commission of that for

which it had already provided. Other states then followed the example of New York and enacted similar statutes allowing the creation of monopolies and then providing for their punishment by rigorous penal laws. This is characteristic of American legislation. We legalize conditions out of which an evil arises and then attempt to suppress the evil by penal statutes. We provide for high duties upon foreign imports for the protection of home industries, and when a monopoly controlling the home market results therefrom, then pass penal laws punishing the monopoly. In this way our politicians prove to the great combinations who furnish campaign disbursements for political parties their fidelity to monopolistic interests, while, by the penal statute, they assure the people that they are against trusts. By such legislative action great discretion and power are vested in the executive of the state or nation, and thus government is centralized and the rights of the whole people, as well as the power of government, are placed in the hands of a single man.

Our protective tariff is the genesis of the trust.  
The trust comes out of it as naturally as fruit from blossom. Obviously the control of a market by a combination or trust is facilitated where the field of competition is artificially limited to one country since it is easier to combine the producers of one country than those of all countries, ~~and to that extent all must con-~~

cede that the tariff encourages trusts. The natural result of high duties is to excite increased competition and to force production beyond its normal limit, then the trust comes in with a good excuse to stay competition and to hold the price of the domestic protected product up to the duty line. To illustrate, let us assume that a single corporation produces the product of any protected necessary of life in this country, and it would be clear that that corporation could sell its protected goods at a price just below the cost of the foreign product plus the duty. In experience, however, when a bill like the Dingley Bill is passed creating high duties on competing products, it inspires the hope in thousands of people that they may avail themselves of the tariff and make a fortune. They rush into competition with existing manufacturers, and the result is overproduction and the selling price of the manufactured article is liable to fall below the cost of the foreign article. The manufacturers find that they are losing a portion of the benefit of the increased duty, and seek by combination to stamp out competition. Were it not for combination much of the unjust advantage which the tariff gives to the American manufacturer would not be made available. A simple illustration will make this point clear. A manufacturer of novelties, who has one factory in Connecticut and another in England, told me recently that he used a large amount of cotton elastic webbing in the course

of his manufacture, and, although a duty of 40 per cent. on cotton elastic webbing existed, he could purchase his supply of webbing in Connecticut as cheaply as he could in England, the reason being that there was no trust in webbing in this country. Now, observe the condition we have. Our great financiers who are managing the monopolies of to-day are the very men who go to Washington or send their agents there and seek, through representatives in Congress and party organizations to whom they have given campaign disbursements, an increase of the duties upon imports. Having procured the increase, they themselves have become the cause of the condition where a trust becomes useful. The law they have procured naturally and necessarily induces thousands of men to go into manufacturing and creates undue competition; then they make a great cry against "cut-throat competition," and create a monopoly to destroy the very competition which results from the tariff act which they themselves procured. During the years 1898, 1899, and 1900, 149 consolidated industrial corporations were formed, with a total capitalization of \$3,784,000,000, or an average of nearly \$36,000,000 each. Each and every one of these corporations was as clearly and as positively violative of the spirit of the common law as was the sugar trust or the Standard Oil monopoly, but Congress first created the conditions out of which they came into existence, and

then passed a penal anti-trust law to punish the creatures of its own making.

Another reason given in favor of the trust is the instability of trade conditions, and its existence is defended by alleging that it is a balance-wheel which checks the excessive fluctuations in the market. Since the formation of the great combinations fluctuations in the market have existed to such an extent as not to justify this claim of wholesome restraint. Pig iron soared up in 1899 to \$25 per ton, in the following year the price settled to \$14 per ton, in 1902 the price again mounted to \$25 per ton, and it has been accompanied by great fluctuations in price ever since. Money on call has been soaring all the way from 10 per cent. to 125 per cent. for the last year, and the reason of these conditions is very apparent. The industries of a country should be based upon the natural laws of exchange. These laws when left unobstructed prevail with as much steadiness and certainty as the law of gravitation. Man comes in with his statutes obstructing the free exchange of commodities, and thereby lays an artificial basis for trade, with the result of uncertainty, fluctuating prices, unstable markets and bankruptcy. One has but to read English history in the days of protection and our own history since the Civil War to see the instability and uncertainty in trade created by protective tariffs. Before the repeal of the Corn Laws England experienced

unstable markets, riots, strikes and bloodshed. Again and again Parliamentary inquiry was made into the causes of the distress which pressed so heavily upon both the agricultural classes and the operatives of the town. Prices of wheat fluctuated from 53 shillings in January, 1816, to 112 shillings in June, 1817, and by the following September it had fallen to 74 shillings a quarter. In our own country the depression which lasted from 1873 to 1879 resulted from overproduction and an inability to sell the surplus in foreign countries. Manufacturers themselves give as a reason for the sale of commodities abroad for less than the prices prevailing at home the necessity of an outflow to steady business. A people who can manufacture cheaply enough to largely export to foreign countries as a rule are not affected by great fluctuations in prices, since their customers are not the people of one nation but of many nations, and when the people of one fail others take their place, and thus trade is natural and steady; but with us, where every few years there is a change in the tariff, the apprehension of danger from a change keeps trade in uncertainty, and the tariff itself becomes a barrier against exports as well as imports, making impossible conditions of steadiness.

Protectionists contend, however, that trusts exist in free-trade England, and that because of their existence in that country the inference is justified that

our protective tariff is not the cause of the trust. Industrial combinations in the form of monopolies do not exist to any considerable extent in England. There are, however, causes for the existence of combinations aside from protective tariffs which operate both in England and the United States. Any combination of men who obtain ownership or control of the natural supplies of a necessary of life has even a more complete foundation for monopoly than exists by reason of a tariff like ours. The whole supply of anthracite coal is confined to a small portion of the State of Pennsylvania, and the corporations which combine and control this supply have the basis for a complete monopoly. The same would be true of men who possess the whole supply of diamonds or iodine or quicksilver or petroleum. The essence of the trust is to restrict the whole of the supply to a few hands, and the essence of protection is to restrict competition to the inhabitants of a limited area; and the tariff and the trusts, both in Germany and the United States, work together harmoniously, so that, in place of the ideal increase of supply through competition, the tariff gives us repression through trusts. Germany, with its protective tariff, has over four hundred trusts, or cartels. The United States, with its higher protective tariffs, has an equal number; but England, without any such restriction, has few industrial monopolies, since the moment the price is raised above the price



of the like foreign product, by reason of the undeviating laws of trade and commerce, the foreign product comes in and reduces the price. Wilhelm Berdrow, a German economist, writing in the *May Forum* of 1899 upon the trusts of Europe, says: "As far as England is concerned, it must be admitted that, notwithstanding her great industrial activity and competitive warfare, not less than that of other states, the trust system has as yet found but tardy acceptance in that country. This is doubtless due in some degree to the thorough appreciation of the principle of free trade; for it is well known that the largest trusts are powerless unless their interests are secured by a protective tariff excluding from the whole market the product of foreign countries." Thomas Scanlon, of Liverpool, writing of trusts in that country says: "Leaving the region of the transport traffic and surveying the wide area of British industries in general, it cannot be said that we suffer in any appreciable degree from combinations of producers to keep up prices. That 'trusts' exist in free trade countries, as well as in protectionist countries, is undeniable, but while in the former the economy in production which results from their promotion goes to benefit the consumer in the shape of reduced prices, in the latter they are identified with high prices to the consumers and large profits to the producers."

The greatest and the wisest of our American pro-

tectionists have always observed the natural tendency of protection to bring about monopoly. In 1889 John Sherman said: "The primary object of a protective tariff is to secure the fullest competition by individuals and corporations in domestic production. If such individuals or corporations combine to advance the price of the domestic product and to prevent the free result of open and fair competition, I would, without a moment's hesitation, reduce the duties of foreign goods competing with them in order to break down the combination." Mr. Blaine, in his "Twenty Years of Congress" says: "Protection in the perfection of its design does not invite competition from abroad, but is based on the contrary principle that competition at home will always prevent monopoly on the part of the capitalists, assure good wages to the laboring man and defend the consumers against the evil of extortion." Mr. Andrew Carnegie is quoted in the *American Manufacturer* of Pittsburg, under the date of July 25, 1884, as saying: "We are the creatures of the tariff, and if ever the steel manufacturers here attempt to control or have any general understanding among them, the tariff would not exist one session of Congress. The theory of protection is that home competition will soon reduce the price of the product so it will yield only the usual profit; any understanding among us would simply attempt to defeat this. There never has been nor ever will be such an understanding." Not only

does such an understanding exist now between hundreds of separate manufacturers in this country, but there are hundreds of actual corporate monopolies, and such monopolies absolutely control the price of nearly every necessary of life.

The worst abuses are sometimes destroyed by the very completeness of their triumph and for this reason let us examine the abuses of some of these trusts. The other day in the Federal Court at St. Paul twenty corporations, united in the trust known as The International Paper Company, which has sold practically ninety per cent. of the paper product of the country, plead guilty under the Sherman Interstate Trust Law to the offence of restraining and monopolizing the trade in paper and the price in paper has materially fallen. Let us examine this admitted monopoly. The source of our information as to this trust is the testimony of Mr. John Norris, the business manager in 1901 of the *New York Times*, given before the Industrial Commission on April 12th of that year. For eighteen years prior to the passage of the Dingley Act there had been a steady downward tendency in the price of news print paper. This tendency came from the substitution of wood for rags in making pulp and by reason of great improvement in the machinery and methods of manufacture of paper. Within a period of seven years prior to the Dingley Act the speed of paper-making machines was increased from 200 to 500 feet of

product per minute, and the width of the paper was increased to 162 inches. Pulp made in adjoining mills was pumped in a liquid state from the pulp mill to the paper mill, saving a dollar a ton upon the manufacture in that one item. The conversion of water power into electric power and its transmission by wire also contributed to cheapen the cost of manufacture. The stimulus given to the manufacture of the paper known as news print resulted in an increase of capacity per day during the year 1896 of about 400 tons. Pulp wood was during that year cut from the cheap timber lands in Canada and imported free of duty, but there was a duty of 10 per cent. ad valorem on wood-pulp, and it amounted to about \$1.20 per ton. The duty on news print paper was 15 per cent. or \$3 per ton, but no news print paper was imported. This was the situation when a committee of paper manufacturers appeared before the Ways and Means Committee on December 31, 1896, and urged an increase in the tariff on pulp and paper. This committee stated to the Ways and Means Committee that in case an increase in duties was granted to them, it would not result in any increase in the price of paper, and upon that understanding the duty on mechanically ground wood was increased from 10 per cent., or an average of \$1.20 per ton to \$1.67 per ton, and the duty on news print paper costing less than two cents per pound was raised from 15 per cent., or \$3 per ton, to 30 cents per 100

pounds, or \$6 per ton. Prior to that enactment no news print paper had been imported into the United States, and the government derived no revenue therefrom, because the American mills could make paper more cheaply than any other mills. With the law practically prohibiting all foreign competition the International Paper Company filed articles of incorporation in New York State on January 31, 1898. Its capital stock was \$45,000,000 and power was given to issue \$10,000,000 in bonds. About all the large paper mills of the country were merged into the company, producing about eighty per cent. of the American output. The result of this duty and this trust was that the newspapers had to pay \$8 per ton more for their paper after the consolidation; and between the time of the combination and the time when Mr. Norris gave his testimony before the Industrial Commission the trust had received an increase of three and one-third million dollars per annum as a result of the tariff and the suppression of competition. The increase in the cost of paper for two large newspapers alone was \$150,000 per annum each. The United States Government and the Dominion of Canada in 1898 each appointed Commissioners known as the Joint High Commission to establish, if possible, reciprocal relations between our country and Canada, reducing as against each other existing tariffs. The International Paper Company appeared before this

Commission and opposed all changes. The Canadian people resented the attitude of the International Company, and retaliated upon American users of its logs, who had previously obtained their supplies without any export duty. The Province of Ontario prohibited the export of any logs cut from crown lands. The Province of Quebec imposed a license fee of \$1.50 per cord upon all logs cut for American use. The result was that the International Paper Company and other paper companies have been cutting off our forests at the rate of about 1700 square miles per annum. The Dominion of Canada has forests of spruce from the east border of Labrador to the Yukon, from the St. Lawrence north to Hudson Bay, and could easily furnish us our wood-pulp, while our own forests because of their devastation by paper companies and chemical companies are becoming limited. Is not the preservation of our forests a matter of sufficient importance to attract the attention of statesmen? Shall we impose high duties upon paper, and thereby encourage paper companies to destroy them? The flow of our rivers, climatic conditions, irrigation, and many other considerations make it of the greatest importance that our remaining forests be preserved. The stock of this paper company, like the stock of most of this class of corporations was heavily watered. The promoters of such corporations do not call it water, they simply appraise as an asset the value of the

privilege which our government gives the corporation by the tariff to plunder the American people.

The borax trust is the best example of the evils of tariff protection which we have in this country. Everything in a trust which is subject to censure is displayed to the best advantage by this combination, increased prices, restricted production, lower prices to foreigners than to Americans, and false and hypocritical pleas that free borax would destroy the borax industry. This trust is a world trust, and it teaches us that a world trust cannot sell its product in England, where foreign competition is unrestricted, at the prices which it exacts from Americans. The principal borax deposits of the world are in California and Nevada, Asia Minor, Peru and Chili; but the largest and the most easily worked and the most productive mines are those in California. The McKinley Tariff imposed duties on borax and all boracic acids of 5 cents per pound, the Wilson Tariff reduced the duty on borax to 2 cents, on boracic acid to 3 cents, and on borate of lime to  $1\frac{1}{2}$  cents. The Dingley Tariff made the duty on borax and boracic acid 5 cents, and increased the duties on borates. The Pacific Coast Borax Company owned the California and Nevada deposits, and, through Senator White, of California, and Senator Stewart, of Nevada, it procured from Congress in the Dingley Bill this excessive tariff; then, with this duty as a large asset, it sold its property to

the Borax Consolidated Works, Limited, an English Company with a capital of \$7,000,000. In September, 1897, the *British and Colonial Druggist*, an English trade newspaper, explained the ability of the American producers to compete in the markets of the world by saying that to the natural advantages in the matter of deposits of pure borax was added an extremely heavy duty on borax, which practically barred the foreign product from entry into the States. It said: "We can put this advantage in a startling way by saying that, if the American manufacturers obtained for their borax sold at home the present price of the article in this country plus the duty in America, they would be in a position to give away one and a half times as much borax as they sold at home and yet receive a return per pound on the whole higher than the present English price per pound." On October 28, 1899, the price of borax in London where the main office of the company is, was  $3\frac{1}{2}$  cents per pound, as against  $7\frac{1}{4}$  cents in New York. The same company supplies borax from the same mines and mills to both markets and this disparity in prices has continued between England and the United States down till the present day. A London newspaper in 1904 said: "The American duty on imported borax is 5 cents per pound. The home price in the United States is about  $7\frac{3}{4}$  cents per pound, and the export price is about  $2\frac{1}{2}$  cents, so that we get the productions of borax at one-third the



price which the people in the United States do. The average annual dividends of the borax trust from the time of its formation to 1904 were 16½ per cent." The borax trust is an English trust. It exploits Americans; but, by reason of free trade in England, it must sell its own people borax at its value in the markets of the world. Will protectionists contend for a moment that it is for our advantage to aid by protective duties such a foreign monopoly?

The Pittsburgh Plate Glass Company has a capital of \$10,000,000. In 1899 it controlled 682 out of 946 pots in the manufacture of glass, and it increased the prices of plate glass within three years 150 per cent., as described in the prior chapter. It had an understanding in 1900 with other companies, and thus controlled the prices of plate glass. According to the testimony of Mr. Fred G. Elliott, the manager of John Lucas & Co., before the Industrial Commission on December 20, 1900, the Pittsburgh Plate Glass Company sent to the firm of John Lucas & Co. a letter of which the following is a copy:

Philadelphia, Pa., Oct. 27, 1900.

Gentlemen:

We have just been advised by our general office that any permission that has been given to the jobbers whereby they were allowed to import plate glass must be at once withdrawn, and we hereby beg to notify you to this effect.

We will ask you to send to this office at once, a memorandum of any foreign glass which you may have ordered

which you have not received. Please include in this memorandum that which may already be on the water as well as the portion that has not yet been shipped from abroad. Kindly give this matter your prompt attention, and oblige

Yours truly,

PITTSBURG PLATE GLASS COMPANY.

This letter was followed in November by another letter of which the following is a copy:

Philadelphia, Pa., Nov. 30, 1900.

Gentlemen:

At a meeting of the manufacturers and "A" jobbers of plate glass in Pittsburg on the 14th instant, it was resolved that no "A" or "B" buyers would be permitted to import plate glass or to purchase plate glass that had been imported into this country. The manufacturers will expect all the "A" and "B" buyers to conform strictly to this resolution.

Yours truly,

PITTSBURG PLATE GLASS COMPANY.

Was ever a people in the world brought into bondage under such petty industrial tyrants as these? This kind of tyranny has been carried quite far enough. No retail druggist can obtain goods from a wholesale druggist or manufacturer of a proprietary medicine unless such retail druggist becomes a member of the National Association of Retail Druggists and agrees to observe the established prices at which drugs and proprietary medicines shall be sold to the consumer, and if he fails to obey, he is immediately placed upon the list of what is known as "aggressive cutters," and thenceforth is unable to purchase from the manufacturer. The Tobacco Trust, the Diamond Match

Company, the National Biscuit Company, the Sugar Trust, the Watch Trust, and the collar, cuff and shirt makers are all reputed as saying to their customers: "Buy of us, and only of us, if you wish to continue to do business." Many of them allow reductions in case such conduct is pursued, and prescribe the territory in which the dependent manufacturer can sell his goods. In 1903 the Canadian Manufacturers' Association and the American Manufacturers' Association, according to Mr. Wade, a member of the Canadian Parliament, had gotten together and fixed the prices to be charged throughout Canada. Mr. Wade said, in a speech before the Canadian Parliament: "Let me illustrate what I mean. I will take "one class of manufacturers, and I will show how they "deal with the country. I have under my hands some "papers. I will take hardware for instance, cut nails, "wire nails, tarred paper, pressed spikes, tacks, lantern "ropes, lead pipes, shot, bolts, and nuts, tile bolts, "screens, carriage bolts, bolt ends, varnishes, shovels, "coach screws, wire of all sorts, nuts, axes, wooden- "ware, wire doors, wire screens, coal hods, stove-pipes, "elbows, locks and knobs, white lead and putty. "There is an association of these gentlemen and I "mean to say to this House that no wholesale dealer "in Canada can buy a dollar's worth of any of these "articles from any one of the members of this Asso- "ciation until he enters into a binding agreement that

“he will not purchase from any other parties outside  
“the association, that he will not sell for a less price  
“than that dictated; and then they will not really sell  
“him the goods but allow him a return commission for  
“selling them. They dictate the price at which he shall  
“sell them and compel him to buy from them, and after  
“that they require him at stated periods each year, or  
“each six months or each month, to make a statutory  
“declaration that he has performed all these conditions.  
“Let me read to the House an extract I have, an ex-  
“tract from a contract that they require the dealer to  
“enter into. This is the statement of the shot men,  
“and I will refer the honorable gentlemen to the well-  
“known firm in Toronto of Jenkins & Harding, who  
“are the agents for a number of these concerns:

#### SHOT

January 8, 1903.

Dear Sirs:

We beg to advise you that, subject to the following conditions, you may be entitled to a premium of  $2\frac{1}{2}$  per cent. upon the net amount of your purchases of shot (commencing to-day) in each six months ending June 30 and December 31, same to be payable within 30 days after the expiration of each six months upon which premium applies. Conditions: that we receive from you, after the end of each six-months' period ending June 30 or December 31, a declaration which satisfies us that in the six months upon which you are applying for premium you have not imported or purchased shot from any manufacturer other than those whose names appear below, and that you have not directly or indirectly offered or sold shot at less than established prices of the Shot Association of Canada to the retail trade, or upon more

favorable terms to your customers than the established terms of the said Association to the retail trade. We reserve the right to revoke and cancel all or part of this proposition at any time on notice to you by registered letter of our desire and intention to do so, but not thereby to relieve ourselves of any obligations which may have accrued on your above described purchases of shot up to date of said revocation."

Mr. Wade continues: "I will state further that I "have been informed, and believe, that the prices which "are fixed by the Canadian manufacturers to-day "throughout Canada for all hardware are prices which "are agreed upon by them in conjunction with the "American Manufacturers' Association. Not very "long ago I chanced to hear a conversation which was "taking place between a strong supporter of the Con- "servative party, a wholesale merchant, and another "gentleman, and he made this statement: 'It is no use "for us to talk about it, we in the wholesale trade are "absolutely at the mercy of the manufacturers of "Canada, and they are in affiliation with the manufac- "turers of the United States.'" Now the explanation of the whole matter is this: before 1890 we exported and sold to Canadians, and have ever since continued selling, the articles in hardware enumerated by Mr. Wade, being able to undersell the manufacturers of like articles in England. Mr. Blaine, in an article upon the subject in the *North American Review* for January, 1890, enumerated many of these very articles as having been exported for a considerable period of

time to Canada by our hardware men and there sold in competition with English hardware, and he added that we could manufacture these articles in hardware cheaper than the English could, and that we could pay the same duty that England paid and undersell her in Canadian markets. Our exporters of hardware, however, do not wish articles sold by the Canadian jobbers and retailers so near home to be cheaper than they are sold in our market, so they have entered into an agreement with the Canadian Association requiring them to keep up the price lest the cheaper prices in Canada may be used as an argument to do away with the duties on the hundreds of articles of hardware protected in the Dingley Bill. Many a competitor is in a position to beat the trust in a contest of cut-throat competition if only the trust were compelled to make its prices uniform to all customers, but with its ample funds it will seek out the independent competitor in one locality and another, and by reducing its prices there will drive him out of the business. Our trusts even coerce the national government into purchasing from them at higher prices than it can purchase the same material in European markets. The Isthmian Canal Commission recently purchased 20,000 barrels of English cement at a saving of 37 cents a barrel on the price demanded by the American manufacturers; but when Secretary Taft appeared before the Senate Committee on Finance and urged that Congress give

the Panama Canal Commission authority to purchase two steel dredges in the foreign market in Scotland for \$654,000, instead of accepting the American bid for the same kind and quality of dredges at \$724,000, the Senate Finance Committee refused, and finally Congress directed that the materials to be used in the canal should be purchased from American manufacturers, unless the President determined that the prices fixed were excessive. So the taxpayers must pay the bill for the purpose of continuing the prosperity of these monstrous trusts.

The evils of our protective tariffs have been greatly mitigated by the fact that under the Constitution of the United States we have absolute free trade between fifty states and territories, an area covering upwards of three and a half million square miles; but when the trust is established the very largeness of our country results in the largeness and success of the trust. So vast a field secured to them from outside competition is tempting enough to invoke the energies of immense capital for its exploitation, and as a result gigantic trusts protected by the tariff come into existence with a power for evil in trade and politics which would be impossible in a small country, however high might be the tariff sheltering them from competition. Under no conditions of high tariff in any other country in the world could you get such a vast trust as the United States Steel Corporation, because there is no other

country with such a large body of consumers able to pay high prices for products. There has not been a trust dependent upon the tariff formed within the last ten years which has not capitalized its right to plunder and to continue to plunder the American people, and as a rule that privilege has been counted as equivalent to all the other assets of the company. The United States Steel Corporation is our best illustration of this kind of gigantic trust. It is capitalized at \$1,404,000,000. Its alleged capital is 1-67 of the total wealth of the United States in 1900 and it produced 1-10 of its entire manufactures in that year. If its stocks and bonds had been issued in the shape of \$90 shares, it is said that there would have been one for each family in the United States, or if their face value was divided among the people, there would have been at the time of its formation about \$18 for each man, woman and child in the United States, or about 90 cents for each man, woman and child on the face of the earth. The different corporations associated together control over 213 different manufacturing and transportation plants and companies, 41 different mines located in 18 different states, and upwards of 100 large steamers upon the lake, those recently built being 600 feet boats and handling between 13,000 and 14,000 tons of ore. It owns the largest deposits of iron ore, limestone and coke in the world. It is closely allied with a large number of other corporations and with railways, and



it is of such vast power and wealth that it cannot well be compared with any other in the world. In 1899 Mr. Charles M. Schwab, who became the first president of the company, wrote a letter to Henry C. Frick, in which he stated that steel rails could be made for less than \$12 a ton, whilst the cost to produce them in England was \$19 a ton, and that like differences existed in the cost as to other steel products. Yet this gigantic corporation is now and for several years past has been selling its steel rails to our railroads for \$28 per ton, and exporting them all over the world for about \$20 to \$22 per ton. At the present time it has an understanding with the makers of rails in Germany and England not to sell in their home markets below certain prices and to sustain the prices of rails in neutral markets; but it is exporting its steel billets and blooms, its steel plates and bridges, its barb wire, wire nails and tin plate, its tubes and pipes to every part of the world and selling them at prices greatly reduced from the home price. Before the Chamberlain Commission, which during the years 1903 and 1904 was engaged in taking testimony as to the conditions of trade in England, witness after witness appeared and testified as to the prices of these products of the United States Steel Association sold to Englishmen, and it appeared from this testimony that invariably they were sold for from twenty-five per cent. to forty per cent. below the price for which they were sold to

the American people. Evidence to the same effect has been presented in the Senate by Sen. Bacon, and finally the fact has been admitted by Congressman Dalzell, of Pennsylvania, in the House of Representatives.

Hundreds of other trusts, not so vast as the steel trust, but just as oppressive in their extortions, have been formed to avail themselves of the tariff. The following are good examples of trusts fostered by the tariff:

The Meat Trust, a combination of the National Packing Company, Armour & Company, Swift & Company, John P. Squire & Company, Schwarzschild & Sulzberger Company, St. Louis Dressed Beef and Provision Company, Northern Packing & Provision Company, Libby, McNeil & Libby, protected by 2 cents a pound on beef and pork and 5 cents a pound on bacon and ham, practically controlling the whole market and fixing the price on the domestic product at a price equal to that of 1860, when butchers slaughtered animals by hand and availed themselves in no way of the by-products. This trust is also protected on most of its by-products.

The Standard Oil Company controlling 20 different companies, with an authorized capitalization of \$102,000,000, protected on many of its by-products by heavy duties, and by rebates on its imported tin cans of ninety-nine per cent. of the duty.\*

\* Both the Standard Oil Company and the Anthracite Coal

The American Linseed Company, combining 47 different companies, with an authorized capital stock of \$50,000,000, representing eighty-five per cent. of the linseed oil production of the United States, and under the domination of the Standard Oil Company.

The National Lead Company with an authorized capital stock of \$30,000,000, comprising 26 plants, and under the domination of the Standard Oil Company.

The United Lead Company, combining 19 different companies, and also under the domination of the Standard Oil Company.

The American Sugar Refining Company, controlling 55 different companies, representing from seventy to ninety per cent. of the product, with a total capital

Combination have procured import duties on oil and anthracite coal in a manner not generally known. Hidden away in the free list of the Dingley Bill is the provision that petroleum should be admitted free of duty provided "That if there be imported into the United States crude petroleum, or the products of crude petroleum produced in any country which imposes a duty on petroleum or its products exported from the United States, there shall in such cases be levied, paid, and collected, a duty upon said crude petroleum or its products so imported equal to the duty imposed by such country."

The Russian duty on imports of petroleum is from 150 per cent. to 250 per cent. and Russia is the only country which can export petroleum to this country. So that for all practical purposes the Standard Oil Company is protected from foreign competition by a duty of 150 to 200 per cent.

The provision as to duty on coal, paragraph 415 of the Dingley Bill, is as follows: "Coal bituminous and all coal containing less than 92 per cent. of fixed carbon and shale, 67 cents per ton of 28 bushels, 80 pounds to the bushel"; but the Welsh anthracite coal, which alone would come into competition with the anthracite coal of the coal combination, contains less than 92 per cent. of fixed carbon. So that both bituminous and anthracite coal are protected to the amount of 67 cents per ton.

issued of the parent and affiliated companies of \$145,000,000.

The International Harvester Company, controlling 6 plants, with an authorized capitalization of \$120,000,000, controlling seventy per cent. of the industry.

The American Brass Company, with an authorized capitalization of \$20,000,000 and controlling 9 plants.

The American Thread Company, with an authorized capitalization of \$12,000,000, owning or controlling 13 different plants, controlling fifty per cent. of the industry.

The Casein Company of America, known as the Milk Sugar Trust, with a total capital issued of \$6,492,000, owning 5 different plants and controlling seventy per cent. of the industry.

The Chicago Pneumatic Tool Company, with a capitalization of about \$8,000,000, owning 7 plants and controlling eighty per cent. of the industry.

The Central Foundry Company, known as the Soil Pipe Trust, with a capitalization of \$14,000,000, owning 13 plants and controlling eighty per cent. of the industry.

The Diamond Match Company, with an authorized capital stock of \$15,000,000, owning 18 plants and controlling eighty-five per cent. of the industry.

The International Steam Pump Company, known as The Steam Pump Trust, with an authorized capital of \$25,000,000, owning 8 plants and controlling eighty

per cent. of the product.

The General Chemical Company, with an authorized capital of \$25,000,000, controlling seventy per cent. of the trade and 24 chemical plants.

The American Woolen Company, with a capital of \$25,000,000 preferred stock and \$40,000,000 common stock, having about 30 plants and controlling upwards of sixty per cent. of the sales.

The California Fruit Cannery Association, with a capital stock of about \$3,500,000, including 18 different fruit companies, and controlling sixty-five per cent. of the trade.

The Glucose Trust, controlling 5 companies, with 20 plants, including the National Starch Company and the Illinois Sugar Refining Company, having an authorized capital stock of \$30,000,000 preferred and \$50,000,000 common stock and controlling a large part of the sales in the United States.

The Candy Trust, with a capital stock of \$9,000,000, including 16 different plants, and controlling over fifty-five per cent. of the sales of candy.

The National Enameling and Stamping Company, having a capital stock of \$30,000,000 and controlling 13 plants and fifty-five per cent. of the industry.

The Glassware Trust, with an authorized capital stock of about \$5,500,000, having 19 plants and controlling about seventy per cent. of the sale of glassware.

The Rubber Goods Manufacturing Company, having a capital stock of \$50,000,000 and 17 plants and controlling about sixty per cent. of the sales.

The United Button Company, having a capital stock of \$3,000,000 and controlling 3 plants.

The Aeolian Weber Piano and Pianola Company, having a capital stock of \$10,000,000 and owning 12 plants.

The Allis-Chalmers Company, known as The Machinery Trust, having a capital stock of about \$36,250,000, controlling 4 large plants and fifty per cent. of the trade.

The American Agricultural Chemical Company, known as the Fertilizer Trust, having a capital stock of about \$35,000,000 and 40 fertilizer plants.

The American Can Company, known as the Tin Can Trust, being closely allied with the American Tin Plate Company, and having a capital of \$88,000,000 and 123 plants and controlling about seventy-five per cent. of the trade.

The American Cement Company, known as the Cement Trust, having a capital of about \$2,000,000 and controlling 6 plants.

The American Cotton Oil Company, known as the Cotton Oil Trust, having a capital stock of about \$33,000,000 and 30 plants and controlling about sixty-five per cent. of the industry.

The American Felt Company, known as the Felt

Trust, having a capital of about \$4,000,000 and 5 plants and controlling about sixty per cent. of the industry.

The American Glue Company, having a capital stock of about \$3,000,000 and 9 plants and controlling fifty-five per cent. of the industry.

The American Hide and Leather Company, having a capital stock of about \$32,000,000 and 22 plants and controlling about sixty per cent. of the industry.

The American Radiator Company, having an authorized capital stock of about \$10,000,000 and 12 plants and controlling eighty per cent. of the industry.

The American Seeding Machine Company, known as The Seeding Machine Trust, having an authorized capital of \$15,000,000 and 6 plants and controlling ninety per cent. of the trade.

The American Sewer Pipe Company, having an authorized capital of \$8,000,000 and controlling from forty per cent. to fifty per cent. of the industry.

But without extending this list, it is safe to say that there are but few large industries in our country which are not protected by customs duties and which have not formed themselves into trusts for the purpose of destroying home competition and thereby raising the price of the commodities which they manufacture up to the duty line. Does this vast organized wealth need protection? It does not need it, but it commands it. All these trusts give the usual reasons for their formation—the lessening cost of manufacture, the

saving of commercial agents, the division of territory between their plants, and the reduction of the price to their customers. But every one of them when it had established its control of the market not only kept the whole of the savings of the consolidation to itself, but took from the public considerable besides, making the selling prices much higher than they would have been under full competition. We Americans boast of our freedom, and yet in that particular branch of life which touches the most people, the right to buy and sell, we have been throttled by the trusts as no other people in the world have ever been throttled. If our industrial freedom is taken away, how long will any other right or liberty be respected? We look with pity upon the downtrodden nations of Europe, oppressed by royal tyrants and privileged aristocrats, but where in all the world can you find such gigantic combinations formed for the purpose of suppressing competition and fixing artificial prices as exist to-day in this country? The present generation of Europeans, to a considerable extent has inherited its industrial restrictions from conditions existing in the eighteenth century; but we can proudly boast that we are a self-made people and have ourselves forged the fetters that bind us, and that we have forged them so strong that it will be doubtful whether we can ever break them. I am not exaggerating when I say that there are a large number of people in this country who have such an admiration for big



things that they admire, for its size, the very trust that robs them daily, and will consent to be fleeced if it only be done by some institution which is big. The newspapers in glaring headlines daily tell us of the life of the trust magnate, and a million simple-minded folk read it with delight. They talk with each other about the daily and hourly income of Mr. Rockefeller or Mr. Carnegie, and they are proud of these abnormal growths of our American life.

The conditions which I have been describing seem to me to lead directly to state socialism. The trust is in and of itself a species of socialism. It starts in by excluding foreign competition, passes on to the exclusion of home competition, and ends with charging consumers as much as the tariff will allow. This results in taking men's property without their consent and without adequate compensation, and that is socialism. The only difference between the owners of the trust and the socialist is this: the owners of the trust procure a law allowing partial plunder of their fellow-citizens, while the socialist proposes to procure a law allowing the taking of all private property without compensation and the turning of it over to the state to be controlled for the common benefit. This is not partial plunder; it is universal legalized plunder; but when any body of citizens so powerful and so influential as the men who procure tariff laws have started out upon a course of legalized plunder, they cannot

well stop. Plunder begets plunder, and they who commence with partial plunder will end with universal plunder. You cannot jump half-way down Niagara. When the state farms out to vast corporations a part of its power to tax the people, it is well on its way toward socialism. A partnership between trusts and government to seize for the advantage of the trusts the property of other men and to use the law and powers of government to that end is practically socialism. There is no argument in favor of the existence of these combinations to crush competition, to limit production, and to control prices, which cannot logically and consistently be turned by the socialist to support his doctrine. The socialist argues that if the United States Steel Company can conduct a business one-tenth in amount of the industries of the country successfully, that the state can also conduct it successfully. If the avoidance of waste resulting from competition is to outweigh all considerations of personal liberty and individual initiative, then the more perfectly our industries are organized into a great industrial machine the better. The socialists perceive this, and therefore they do not attack the trusts. The socialists desire a general absorption of production by the state, and when a few corporations have successfully absorbed and controlled production, they say that the fruit should not go into the hands of a few men, but should go into the hands of the state to be distributed

to labor as the true source of capital. Jean Jaurès, the leader of French Socialism in his recent work, "Studies in Socialism," says: "And if capital were organized, if, by means of vast trusts, it were able to regulate production, it would only regulate it for its own profit. It would abuse the power gained by union to impose usurious prices on the community of buyers, and the working class would escape from economic disorder only to fall under the yoke of monopoly." When the state intervenes in behalf of a comparatively few men and provides by law that these shall be permitted to exact from the millions of consumers a price increased by excessive duties, has it not already taken effective control of production, and can government under such circumstances avoid the socialists' contention that such a condition is socialism without any benefit to the people? Again, this leader of socialism says: "To the incomplete, narrow and chaotic organization of wealth attempted by capital it [socialism] has opposed a magnificent conception of harmonized wealth, where the effort of each would be supplemented by the co-ordinated effort of all." His idea is that, instead of the State's aiding a few hundred manufacturers to organize production into many separate, "narrow, and incomplete" combinations of capital for their own selfish benefit, subjecting business to great fluctuations in value, that it should carry out the "magnificent conception of har-

monized wealth" by becoming both owner and trustee for the people of production. A fine theory this, but the most dangerous to a free people ever promulgated by mortal man.

Again, is it not productive of socialism that a few men have gathered to themselves a considerable part of labor-saving machinery largely for their own profit when these inventions have resulted from the progress of science and ought to improve equally the condition of all men? The law has protected these vast corporations, first in their infancy, and then in their power, till they bid us defiance and shape legislation to their wishes. When the citizen is excluded from taking part in one or another form of production, to that extent he loses a portion of the rights which are secured to him in a democratic form of government. While the business of the country was conducted by persons or firms, the skilled employee held close and sympathetic relations with his employer. He was something more than a mere machine. He felt the stimulus and ambition which goes with equality of opportunity. Under the trust the employee becomes part of a vast industrial army with no hopes and no aspirations, a daily task to perform, and no such personal interest in the success of his work as when he was in close contact with his employer. The effect of this change, together with the arbitrary methods of the trusts, has been to unite the laboring men, in

imitation of the trusts, into huge trades unions under the leadership of a few men. Is not a condition which brings about an array of producers strongly organized into trusts on the one side and the millions of laboring men arrayed in labor unions, under leaders who are not always scrupulous, on the other, a condition productive of evil? The extortions of the trust are the opportunity of the socialist. Men can bear poverty, but not poverty which they believe the result of injustice. The trust managers cannot extort the pennies from the millions to add to their millions and still continue to escape stirring up such bitterness among the masses of the people that they are easily beguiled by dangerous fallacies regarding government. Our socialists in the main come to us from highly protected Germany, where 400 cartels, or trusts, export their goods and sell them in other countries at lower prices than to their own people. As a result of such conduct the socialist vote has doubled within ten years, and at the last election they cast 3,000,000 votes. The countries in which socialism best thrives are those where industries are most highly protected; and in England where free trade prevails, socialism has not obtained a strong foothold.

Many evidences of socialistic tendencies exist in this country. Why have we been steadily rejecting in recent years the idea of self-help and looking to organization, association, and legislation for all help to the

individual? What means it that so many social questions to-day are being resolved by the legislature? Why are we attempting to cure the drink evil and social evils, and all other kind of evils, by legislation? The statute law to-day is regarded by the American people as a sovereign specific for every evil. Why are so many men looking to the state as a universal employer? Why are men's faces all turned to the Legislature to regulate labor, grant pensions, and stimulate industry? Why are laws volleyed forth like shot from a Gatling gun in every Legislature in the country to protect special interests and make people rich and happy? Government, in the eyes of the greater part of the American people to-day, is simply a sort of a mysterious power possessed of an inexhaustible fund of wealth, able to do all manner of things for the benefit of the people, and the demagogues thrive upon this false theory of government as pigs fatten upon corn. The ideas of the American people have changed radically in the last twenty years. We are coming to look upon the President of the United States as a kindly monarch whose sole authority assures the general felicity. We were once jealous of usurpation of power, yet we sit serenely and see the Senate of the United States usurp the power of the people's forum, the House of Representatives. Are not all these evidences that individual initiative, independence, self-reliance, and manhood among our

citizens are giving way to the idea that in some way we are unable to control our actions and shape our own lives, and that we must depend for guidance upon government, leaders, and laws, a socialistic state?

English-speaking people in the past have been essentially individualists. English Government in legal and social organization is deeply particularistic and not communistic. Our habit of individual initiative and of personal responsibility is a part of our birth-right. With us, according to English traditions and English law, the individual man is the germ of the state. He is to the state what the red corpuscles of the blood are to the human being, giving life to the whole body. For the preservation of the individual man we have ever deemed it necessary to maintain between men a fair degree of equality in social standing and wealth, but the trust comes in and creates vast fortunes and social inequalities. Our American idea contemplates that no industrial power shall weigh heavily in the balance against government, but the trusts come in and even compel government itself to buy materials for the building of the Panama Canal. It is of the highest importance in sound economy that small and local industries should not find themselves at a disadvantage in attempting to compete with great combinations; but the trust comes in and wages a war of indiscriminate suppression of all small industries. It is of the highest importance to cultivate in our

citizens the habit of individual initiative by endowing them with ownership of property and control of business; but the trust comes in and displaces thousands of independent owners of business and takes their place with its huge and oppressive machinery. Government must secure justice to the individual citizen, or our form of government will lose to him its value and its charm; but the trust steps in with a law allowing it to practically tax the citizen for its own private advantage. We cannot live as a nation if corruption controls the sources of legislative action; but the trust comes in and makes jobbers and chaffers of many of our legislators. And now, my reader, do you have any doubt that the creation of such a combined and compacted body of trusts endowed with special privileges as have been described in this chapter is a constant menace to the continuance of our free institutions? Do you believe that we can preserve liberty to the citizen alongside of such political corruption and such industrial slavery?



## CHAPTER III

### AMERICAN AND ENGLISH SHIPPING

ALTHOUGH we are the wealthiest country in the world, the greatest producers of iron and steel, and the greatest producers of coal, possessors of a sea coast of thousands of miles, with great bays and gulfs extending into the interior, and with every condition which ought to make us great shipbuilders and carriers, our merchant marine for the last fifty years has, in comparison with other countries, been little known upon the ocean. The reasons for this are:

First. Our barbarous navigation laws.

Second. The increased cost of iron, steel, and other materials used in building ships because of the tariff.

Third. The impairment of our commerce with other countries by reason of protective tariffs shutting out imports, and thereby shutting in exports.

How many of my readers know that there is in the statutes of the United States to-day a law handed down with few changes from the eighteenth century prohibiting the American registry of any ship built in a foreign country? This relic of the legislation of a century ago comes to us like the bones of some mam-

moth of antediluvian days, and its continuance means that whenever we enact a statute which operates favorably to the interests of a few men or a single large corporation, notwithstanding its evil effects upon the people, it is practically impossible to repeal it. Private interests are so powerful and public interests are so weak that the following statutes have remained with little change since the administration of President Washington:

Sec. 4131. Vessels registered pursuant to law and no others, except such as shall be duly qualified according to law for carrying on the coasting or fishing trade, shall be deemed vessels of the United States, and entitled to the benefits and privileges appertaining to such vessels: but no such vessel shall enjoy such benefits and privileges longer than it shall continue to be wholly owned by a citizen or citizens of the United States or a corporation created under the laws of any of the States thereof, and be commanded by a citizen of the United States. And all the officers of vessels of the United States who shall have charge of a watch, including pilots, shall in all cases be citizens of the United States. The word "officers" shall include the chief engineer and each assistant engineer in charge of a watch on vessels propelled wholly or in part by steam; and after the first day of January, eighteen hundred and ninety-seven, no person shall be qualified to hold a license as a commander or watch officer of a merchant vessel of the United States who is not a native-born citizen, or whose naturalization as a citizen shall not have been fully completed.

Sec. 4132. Vessels built within the United States, and belonging wholly to citizens thereof, and vessels which may be captured in war by citizens of the United States, and lawfully condemned as prize, or which may be adjudged to be forfeited for a breach of the laws of the United States, being wholly owned by citizens, and no others, may be registered as directed in this Title.

Sec. 4135. No vessel which has been recorded or registered as an American vessel of the United States, pursuant to law, and which was licensed or otherwise authorized to sail under a foreign flag, and to have the protection of any foreign government during the existence of the rebellion, shall be deemed or registered as a vessel of the United States or shall have the rights and privileges of vessels of the United States, except under provisions of law especially authorizing such registry.

Sec. 4136. The Secretary of the Treasury may issue a register or enrollment for any vessel built in a foreign country, whenever such vessel shall be wrecked in the United States, and shall be purchased and repaired by a citizen of the United States, if it shall be proved to the satisfaction of the Secretary that the repairs put upon such vessel are equal to three-fourths of the cost of the vessel when so repaired.

Sec. 4142. In order to the registry of any vessel, an oath shall be taken and subscribed by the owner, or by one of the owners thereof, before the officer authorized to make such registry, declaring, according to the best of the knowledge and belief of the person so swearing, the name of such vessel, her burden, the place where she was built, if built within the United States, and the year in which she was built; or that she has been captured in war, specifying the time, by a citizen of the United States and lawfully condemned as prize, producing a copy of the sentence of condemnation, authenticated in the usual forms; or that she has been adjudged to be forfeited for a breach of the laws of the United States, producing a like copy of the adjudication of forfeiture; and declaring his name and place of abode, and if he be the sole owner of the vessel, that such is the case; or if there be another owner, that there is such other owner, specifying his name and place of abode, and that he is a citizen of the United States, and specifying the proportion belonging to each owner; and where an owner resides in a foreign country, in the capacity of a consul of the United States, or as an agent for and a partner in a house or co-partnership consisting of citizens of the United States, actually carrying on trade within the United States,

that such is the case, that the person so swearing is a citizen of the United States, and that there is no subject or citizen of any foreign prince or state, directly or indirectly, by way of trust, confidence, or otherwise, interested in such vessel, or in the profits or issues thereof; and that the master thereof is a citizen, naming the master, and stating the means whereby or manner in which he is a citizen.

Sec. 4165. A vessel registered pursuant to law, which by sale has become the property of a foreigner, shall be entitled to a new register upon afterwards becoming American property, unless it has been enlarged or undergone change in build outside of the United States.

Sec. 4330. No license or enrollment and license, nor renewal of either, shall hereafter be issued to any vessel until the collector to whom application is made for the same is satisfied, from the oath of the owner or master, that all equipments and repairs made in a foreign port within the year immediately preceding such application have been duly accounted for, and the duties accruing thereon duly paid: and if such owner or master shall refuse to take such oath, or take it falsely, the vessel shall be seized and forfeited.

ACT MAY 10, 1892.

An Act to Encourage American Shipbuilding. (27 Stat. 27). Registry of foreign-built vessels owned in part by citizens; conditions.

Be it enacted, &c., That the Secretary of the Treasury is hereby authorized and directed to grant registers, as vessels of the United States, to such foreign-built steamships now engaged in freight and passenger business, and sailing in an established line from a port in the United States, as are of a tonnage of not less than eight thousand tons, and capable of a speed of not less than twenty knots per hour, according to the existing method of Government test for speed, of which not less than ninety per centum of the shares of the capital of the foreign corporation or association owning the same was owned January first, eighteen hundred and ninety, and has continued to be owned until the passage of this act by citizens of the United States, including as such citizens cor-

porations created under the laws of any of the States thereof, upon the American owners of such majority interest obtaining a full and complete transfer and title to such steamships from the foreign corporations owning the same: Provided, That such American owners shall, subsequent to the date of this law, have built, or have contracted to build, in American shipyards, steamships of an aggregate tonnage of not less in amount than that of the steamships so admitted to registry. Each steamship so built or contracted for to be of a tonnage of not less than seven thousand tons.

These statutes, amended only by the Statute of 1892, have survived the wreck of time, the wreck of our merchant marine, and still remain as a striking evidence of the incapacity of the American Congress. Similar statutes existed in the eighteenth century in most European countries; but, while they have repealed the provisions as to registering foreign ships, we have allowed it to continue except as modified by the last section above. A foreigner may invest in any industry in this country, but if he has an interest to the amount of one dollar in a ship, it cannot be registered here. We can buy a locomotive or any other kind of merchandise in Europe if we are willing to pay the duty, but no American can buy a ship and sail it under our flag. The result is that our citizens are buying of British owners "tramp" ships and sailing them under the English flag. This barbarous law is kept upon the statute-book largely for the benefit of William Cramp & Sons, of Philadelphia, the largest shipbuilding firm in the country. Mr. C. H. Cramp,

the head of that firm, testified before the Industrial Commission as follows: "There is money now in running ships, and there are a lot of Americans who are buying the worst kind of ships—British 'bum' ships (I use that word because the word 'tramp' is not strong enough), the worst ships the English have got to sell. They are bought by Americans, and these people are now denouncing the Subsidy Bill because these 'bum' ships of theirs don't get much of it."

Q. That is the case of American money being invested under the British flag not having a majority of the stock?

A. Well, many are buying ships already built, the "tail-enders." The ships that are being built to-day abroad are vastly larger than those built a few years ago. There has been tremendous augmentation in the dimensions of ships. The consequence is that British ship-owners who own thirty, forty, fifty or one hundred are selling off the "tail-enders" and adding large ships to the top. Now, these ships on the "tail-end" are sold off at bargains. There are a great many American bargain-hunters, and a great many are doing that thing now.

Q. These ships are not admitted to United States registry are they?

A. No; but they expect if they kill the Subsidy Bill, they will get them in somehow. They think by the destruction of everything in sight American they will come out on top ultimately.

If the following history does not show that about everything American in shipbuilding has been destroyed by legislation for the benefit of such men as Mr. Cramp, then facts have no value. These moss-grown navigation acts come from a time when piracy was almost a recognized trade, and if, through piracy, an American had captured a foreign ship, he probably could have procured its registry under these laws. But if to-day an American citizen attempts to exercise the natural right of a free man to buy a ship when and where it seems best, he can not sail it under his country's flag. If a foreign vessel is wrecked upon our coast and the wreck bought by a citizen, he can use it for wood, but he cannot register or enroll it unless he is able to testify that the repairs which he has put upon it are equal to three-fourths of the cost of the vessel when so repaired.

Years ago President Cleveland said of these statutes which I have cited: "The ancient provision of our law denying American registry to ships built abroad and owned by Americans appears, in the light of present conditions, not only to be a failure for good at every point, but to be nearer a relic of barbarism than anything that exists under the permission of a statute of the United States. I earnestly recommend its prompt repeal." And still this relic of barbarism lingers, and we are deprived of our Yankee birthright to "swap" our money for ships. We can sell our ships to Eng-

land, for she buys them from any country where she can get them cheaper than she can make them, but we cannot buy a ship of her or of any other country. Of this condition an eminent Scotch shipbuilder has said: "It is a matter of regret to us that there is likely to be a change in the American registry laws. For the last thirty years they have permitted us to build, and largely to own, nearly all the ships that the ocean-carrying trade requires; and they have caused a loss to their people of about £40,000,000 annually of freight money that they might have appropriated to themselves. Their new policy of free ships, if adopted now, would unquestionably benefit our shipyards for one or two years; but the competition to which American shipwrights would be forced would soon enable them to divide with us the shipbuilding, and their countrymen to divide with us the ship-owning of the world, in both of which industries they have heretofore so kindly given us the practical monopoly."

In view of the fact that the New England shipbuilding industries in the main have long since passed away as a result of this navigation act and of protective tariffs, it may be of interest to see the part which New England played in bringing about this condition. In the Convention framing the Federal Constitution, two questions agitated New England and the South, the questions of slavery and the regulation of commerce. The Southern people, who were at that time free



traders, desired slavery and the legalization of the slave trade. New England, having at that time large shipbuilding interests, wished the national government to regulate commerce and to pass a navigation act for the protection of its shipbuilding interests. The discussions in the Convention resulted in the selection of a committee made up of Southern and New England members, and in a compromise by which New England got her navigation act in return for her consent to the continuation of the slave trade, the New England members consenting to the clause afterwards made a part of the Constitution, that the slave trade might be continued until 1808, and the Southern men in return agreeing that the National Government might be given the power to regulate commerce. To-day the shipbuilding of New England has gone, comparatively few men are engaged in the sailing of her ships, she is without coal or iron for her factories, and is pleading with the nation to remove the protective tariff upon coal, hides, lumber, iron and other products which she can buy more cheaply of Quebec, New Brunswick and Nova Scotia.

The second reason for the decadence of our merchant marine is the increased cost of ships because of our protective tariff. The steel which the English shipbuilders use in the making of their best ships is made from ore produced in Spain and Sweden. The brass for her ships comes from Spanish and American

copper, the zinc from Germany, the wood-work from America or Norway, the ropes from Russia, and the hemp from the Philippines, and these are all admitted free of duty. The cost of the same material entering into American ships is about forty per cent. greater than the cost of the products used by English ship-builders by reason of the increased price which the steel trust and the other trusts are able to exact through the tariff and the trust for their materials. It is true that there is a provision in the Dingley Bill that all materials of foreign production which may be necessary for the construction of vessels built in the United States for foreign account and ownership, or for the purpose of being employed in the foreign trade, may be imported in bond under such regulations as the Secretary of the Treasury may prescribe, and upon proof that such materials have been used for such purposes no duty shall be paid thereon. The statute however has a provision which practically nullifies its beneficial effect, for it provides: "But vessels receiving the benefit of this section shall not be allowed to engage in the coastwise trade of the United States more than two months in any one year, except upon the payment to the United States of the duties of which a rebate is herein allowed. *Provided*, that vessels built in the United States for foreign account and ownership shall not be allowed to engage in the coastwise trade of the United States." But American

ship-owners do not build deep-sea ships, though intended for use in foreign commerce, without considering that some day they will be able to fall back on the coastwise trade which is now extended to Hawaii and Porto Rico, and will soon include the Phillippines; so that this provision of the statute has been availed of for the complete construction of but one large steel ship, the *Dirigo*, built by Arthur Sewall & Co. at Bath, Maine.

The builders of ships who appeared before the United States Commission of Mercantile Marine in 1904 claimed that the increased cost of materials for shipbuilding was one of the chief reasons for invoking subsidies for American shipping. Mr. Orlott, President of the Newport News Shipbuilding and Drydock Company, when a witness before the United States Commission, said: "There is a difference of about forty per cent. [in the cost of shipbuilding] on account of the tariff. . . . Because everything in the way of material entering into the construction of a ship is highly protected here. It is not only the steel that forms the hollow of the vessel that is affected in price; it is every conceivable item that goes into a ship." In the *Monthly Summary of Commerce and Finance of the United States* for August, 1900, prepared by the Bureau of Statistics of the United States Treasury, the statement is made that "the progress of work on shipbuilding in the United States has largely

been retarded because makers of steel materials require a higher price from the American consumers than they do from foreign consumers for substantially similar products." And this government official suggests as a remedy "a reduction of the tariff on unfinished iron and steel," in order to equalize the opportunities of our shipbuilders with those of the builders of ships in foreign countries.

But one of the most substantial reasons for the decadence of our shipping is the decrease of commerce with other countries which results naturally from our protective tariff. We read in foreign newspapers about the American peril, the dumping of our manufactured products upon European countries, and one would think from these statements that we had become the greatest exporting nation of manufactured products in the world. Our people are capable of becoming the greatest exporters of manufactured products, and but for the restrictions upon our commerce by the tariff we would have long since attained that position among the nations, but we are far from being such to-day. In the year 1903 we exported of what are designated as manufactured articles only \$421,453,915. In the same year Great Britain exported of manufactured products about \$1,200,000,000. Of that \$421,453,915 which we exported in 1903, \$109,356,177 were copper and mineral oils, which hardly can be regarded as manufactured products,

while the manufactured products exported from Great Britain were what are known as highly manufactured products. So the reader will see that, including in our exports copper and oil as manufactured products, Great Britain's exports of manufactured products, when her population of forty million is compared with ours of eighty million, are more than five times as much for every man, woman and child in that country; that is, one Englishman makes for export more than five times as much as one American. The exports of Great Britain of manufactured products in the year 1902 were about the amount of the exports of manufactured products from both Germany and France combined. Our farmers are our exporters, and the reason why our manufacturers export so little is that we import comparatively so little. You cannot sell abroad unless you buy abroad, because exporting is merely exchanging the commodities of your own laborers for the commodities made by the laborers of other countries. In the first instance and in the last instance commerce is nothing but exchange, and the balance of trade indicates little or nothing as to the real transaction, which is essentially a transaction of give and take, of goods for goods. Never was the principle more tersely and correctly stated than by a Massachusetts member of the House of Representatives in 1790 which enacted what is known as the Hamilton Tariff. That tariff imposed a duty upon

molasses, and when it was being discussed before the House of Representatives, this member from Massachusetts arose and said: "We up in Massachusetts do not want that duty upon molasses, we trade our fish for molasses, and if you shut out molasses you shut in fish." Mr. H. Russell Rea, a member of the House of Commons in England, recently produced before the Commons a carefully prepared table showing the relations between the tariffs of a country and the amount of its steam shipping tonnage which, more forcibly than anything that I can say, will show that restrictions upon trade in the nature of protective tariffs destroy commerce between nations, and therefore the shipbuilding industry. The average ad valorem import duty to the United States by this table is 73 per cent., but that is the average ad valorem duty upon dutiable manufactured products exported from England to the United States, and with that correction I submit this table as tending strongly to prove my contention:

Average ad valorem import duties		Steam Shipping tonnage per inhabitant	
Russia .....	131	Russia ..... 1 ton to every	330
United States .....	73	United States .....	166
Austria-Hungary .....	35	Austria-Hungary .....	110
France .....	34	France .....	71
Italy .....	27	Italy .....	72
Germany .....	25	Germany .....	34
Sweden .....	23	Sweden .....	24
Greece .....	19	Greece .....	12
Denmark .....	18	Denmark .....	9
Norway .....	12	Norway .....	4
Holland .....	3	Holland .....	15
United Kingdom. No Protec- tionist tariff		United Kingdom .....	4.6

Now let us examine the causes of the navigation acts, the condition of American shipping in the colonial and early history of the country and its present condition. During colonial days, a long series of protective statutes intended to destroy American shipping were passed by the English Parliament, but they availed little or nothing. It seemed that some way the colonists were born to the sea, for they built ships and sailed ships and sold ships and the materials for ships to England, and a ship could be built in those times in America with high-priced labor cheaper than anywhere else in the world. In the year 1779 alone, we built 389 vessels. In 1789, when we began registering our tonnage, we had 123,893 registered tons engaged in foreign trade and 77,669 tons engaged in domestic trade, a high percentage of the tonnage of the civilized world at that time. Prior to the treaty of 1783, ending the Revolutionary War, the American colonies had been permitted to trade with the other British possessions in America; but that privilege was not continued by the treaty. Soon after that treaty a terrible hurricane occurred in the West Indies, destroying all the crops and leaving tens of thousands of people in a starving condition, and because of England's Navigation Act and our consequent inability to reach these people with food, fifteen thousand slaves were known to have died in a short time from starvation. But, notwithstanding England's Navigation Act and

her cutting us off from trade with her colonies, the building of ships and the sailing of ships went on. When John Adams became the first representative of the United States at the British Court he sought to convince Lord Carmarthen, the foreign secretary, of the desirableness of both countries repealing their navigation acts, but with no success. England made her ships at home, instead of buying them of America, and made them of inferior workmanship and at a higher cost. Thirty years after, in the war of 1812, she gathered the fruits of her narrow policy, and saw frigate after frigate outsailed and defeated in single combat with American antagonists. The provision forbidding our purchase of foreign ships affected our own shipping interests but little, since we could then build wooden ships cheaper than any other people in the world and the duties upon materials going into ships under the Hamilton Tariff were very low. By 1815 the tonnage engaged in foreign trade was 438,863 tons. In 1840 England did away with the provisions prohibiting us from trading with her American colonies, and in 1849 she repealed all of her restrictive navigation laws, from that time on there being no restriction against us in any part of her domain. Our building of ships went on with great rapidity. Many centers of shipbuilding grew up in this period in New England. The clink of the shipman's hammer sounded all along her coast. The beautiful spectacle of the



launching of the ship was a common one. Those were the days of the clippers and liners, the Great Republic, the Defender and the Sovereign of the Seas. Mr. Gladstone, in 1881, speaks of seeing in his earlier days the beautiful American liners and packets between New York and Liverpool, which, he says, carried the pick of the trade between the two countries. Of our position in shipbuilding he says: "The Americans were deemed to be entirely superior to us in shipbuilding and navigation; they had four-fifths of the whole trade between the two countries in their hands; and that four-fifths was the best of the trade, and but the dregs were left." In 1861 our total tonnage, both domestic and oversea, was 5,539,813, only about 350,000 tons short of that of the whole British Empire at that time. In 1861 we actually owned about one-third of the entire tonnage of the world. In the year 1855 we built 2,027 vessels of 583,450 tons burden. For the year ending June 30, 1856, the total value of our imports and exports carried in American vessels was \$482,268,274, while the amount carried in foreign vessels was \$159,336,576. By 1869 our flag had almost departed from the ocean, and a Congressional investigation was instituted to find out the cause of the decadence of American shipping. Before the committee came members of the New York Ship-owners' Association, and they unanimously agreed that the cause was that ships were now being built

from iron and not from wood, that the price of iron and steel and the materials in a ship were so high that our ship-owners could not produce them as cheaply as they could buy them, and that the Navigation Act forbidding the registry of a ship built in other countries and purchased by Americans should be repealed. But Congress seemed to think that it was better to protect one American shipping firm than to have hundreds of vessels flying our flag and plying between our ports and those of other countries. In 1816 Daniel Webster said: "How, sir, do ship-owners and navigators accomplish this? How is it that they are able to meet and in some measure to overcome universal competition? Not, sir, by protection and bounties, but by unwearied exertion, by extreme economy, by unshaken perseverance, by that manly and resolute spirit which relies on itself to protect itself." All such kind of advice has passed away, and the hardy race of seamen has gone with it. No call from the sea sounds for America. Seldom is our flag seen upon it. But we are a great country, for we have our Cramps and their shipyards.

But Mr. Cramp has made some return for the favors of Congress. In 1870 the Cramp Company built four steamships known as the *Indiana*, *Illinois*, *Pennsylvania*, and *Ohio*, for the American Steamship Company. Let me give to the reader an extract from Mr. Cramp's testimony before the Industrial Commission

in December, 1900, about the building of these steamers and their history. It will well show the depths to which our oversea shipping had fallen. He said: "There were at that time indications that the policy of the general government toward the national merchant marine would be liberal, and it is probable that these indications had some bearing upon the action of the American Steamship Company; but if so, the policy was altered too soon to realize any benefit, and its subsequent career presented the aspect of an unequal and of course unsuccessful contest between an unaided private American enterprise and British competitors backed by all the resources of their powerful government. . . . Suffice to say that for more than two decades before 1893 they (the *Indiana*, *Illinois*, *Pennsylvania*, and *Ohio*) have had the melancholy distinction of being the only merchant steamships to show the stars and stripes regularly in the ports of western Europe, and in the three hundred and odd passages that each of them has made, their performance has invariably been excellent. At any rate, though overshadowed in size and distanced in speed by later products of the fierce competition which has followed their advent the four American ships have served to tide the name of the American merchant marine over a score of weary and disheartening years; and now, in the days of a brighter epoch, they remain sturdy links connecting the promise of the future with the

glories of the past. It has been no easy errand to keep the American flag fluttering upon a North Atlantic steamship since 1872; but these four ships have done it, etc." Are there any greater pessimists than the men who maintain their shipyards by government aid, always urging their fears of competition as the reason for giving them such laws as they desire? Is this the kind of spirit from which we may expect the development of our country? The men who established American liberty and developed American civilization were men who did not fear to grapple with fate unaided, who asked no odds but a free chance and a fair show.

Now, let us see what this policy of restriction has brought upon our country. In 1860 we had 60,000 gallant sailors, and they used to beat the sea. Our flag was in every port of the globe. We carried the greater part of our exports and imports in American vessels under the American flag. The tonnage of vessels engaged in the foreign trade of the United States in 1855 was 2,348,358 tons. In 1875 it was 1,515,598 tons; in 1895, 822,347 tons; and in 1905, 943,750 tons. Mr. Meikle, secretary of the Seattle Chamber of Commerce, produced before the United States Commission on the Mercantile Marine in 1904 a statistical table showing that, while in 1821 the percentage of the import and export trade of the United States carried in American bottoms was 88.7 per cent.,

it had fallen in 1900 to 9.2 per cent., at which figure it remained at that time. During the year 1904 not a single oversea merchant steamer was launched from American yards.

And what remedy do the shipbuilders offer for this condition? They infest the lobbies of the capital begging Congressmen for bounties and subsidies in order to balance the "pauper labor" of England and make up for tariff extortions. They will not relinquish one privilege under the old navigation act, and they insist on its being continued, notwithstanding the fact that all the other nations of the civilized world have done away with this barbarous provision, even Japan and China having repealed their navigation acts, not only for their foreign, but also for their coastwise trades. Alone in all the world we stand, hanging to our old navigation laws enacted about 115 years ago. The only remedy by which politicians and ship-owners propose to restore our flag to the sea is, first, to cut off foreign trade by protective tariffs and then impose taxes on the farmer, the merchant, and the consumer to raise money for subsidies to pay to the shipbuilder. Tax the people once for tariff, make them pay an increased price for the necessities of life to sustain our manufacturers, and then turn around and tax them all over again to make up for the burdens imposed by the first tax upon shipbuilders. This equalizes matters beautifully. Commerce upon the seas is the handmaid

of liberty. If we would preserve our liberties, let us remove the shackles which this old Navigation Act and a protective tariff have put upon our commerce, and breed a new race of sailors as hardy and as skillful as the old.

Now let us look at the picture of what free trade and free ships have done for Great Britain. At the time of the treaty of peace between the American Federation and England in 1783 England had a Navigation Act quite as barbaric as our own to-day. In the colonial times, as stated above, our vessels were permitted to trade with the other colonies of Great Britain in America; but in the treaty of 1783 she would not recognize that right, nor would the English Government upon the urgent request of Mr. Adams, our first Minister, mitigate in the slightest the rigor of her Navigation Act in return for more liberal laws upon our part. Bitterness between the countries arose from the attitude of Great Britain, and probably our Navigation Act, passed in Washington's administration, was largely the result of that feeling. Our Navigation Act was modified toward greater severity in 1816, immediately after the war of 1812 had terminated, and while the bitter feelings aroused by that war were still fresh. The age of iron ships, however, had not yet apperaed. A ship built from oak or cedar could be built in those days at Gloucester or Salem much cheaper than it could be built in England from

wood procured along the Baltic. In 1815 the Napoleonic war, which had made American bottoms the only safe ones, was ended; and from 1815 on till the breaking out of the Civil War the struggle between the United States and England for supremacy on the sea continued. The tide in favor of England turned with her repeal of the Navigation Acts in 1849 and the introduction of iron ships. This repeal was opposed by shipbuilders, who declared that it would result in the ruin of the merchants, that the shipyards would become grass-grown, that the British flag would depart from the sea, and that every evil conceivable would result from the repeal of these antiquated laws; but, in spite of these protestations, it was repealed in the same year that the repeal of the Corn Laws took effect. As stated above, the repeal of the Navigation Act allowed our steamers to engage in the coastwise trade of Great Britain and of all of her colonies, and ever since an American ship has had every right in every port of Great Britain and of all of her colonies which her own ships have had. Soon after the repeal of the Navigation Acts came the building of iron ships, and with the building of iron ships the prosperity of English shipping increased more rapidly than that of American shipping, because England admitted free of duty the steel, brass, zinc, ropes, hemp, and everything that went into the making of a ship, while even under the Walker Tariff in this country there were moderate

duties upon these articles. The comparative growth of the British tonnage since the repeal of the Navigation Acts and the decadence since 1860 of our own oversea tonnage is shown in the following table:

	British Net Oversea Tonnage.	United States Gross Tonnage
1850.....	3,565,133	1,585,711
1860.....	4,658,687	2,546,237
1870.....	5,690,789	1,516,800
1880.....	6,574,513	1,532,810
1890.....	7,978,538	946,695
1900.....	9,304,108	816,795
1901.....	9,608,420	889,129

The loss between 1860 and 1870 in our own country of oversea tonnage is largely accounted for by the destruction of our merchant marine in the Civil War; but it is to be observed that since 1870 there has been no improvement, and since 1880 the loss has been going on with great rapidity. England has become to some extent the carrier, not only of the greater portion of her own exports and imports, but of a considerable part of the exports and imports of other countries. Besides her regular liners running to the United States, Canada, the West Indies, to China and Japan, to India and to other countries, amounting roughly to 1,300 vessels, she has also an immense fleet of steamers and sailing vessels known as tramps, approximating in number 14,000. These go everywhere, compete against everybody, cut into trade British, foreign or colonial, wherever they can see profit, sail



from foreign port to foreign port, and remain abroad often for many years, and come home only in order to complete the repairs necessary for them to retain their Lloyd's classification. According to Lloyd's Register of the oversea tonnage of the world's sail and steam, the British flag is flown by nearly one-half of sailing vessels, and more than one-half of the steamers. Outside of Great Britain, there is an average of one ton of shipping of all kinds to every 33 inhabitants, while the entire tonnage, steam and sail, of the United Kingdom is equal to one ton to every four of its inhabitants. One out of every 36 of the adult male population of Great Britain earns his living on the sea. Of a total gross tonnage of ocean-going mercantile vessels in the whole world of 30 1-3 millions of tons 14¾ millions of tons belong to Great Britain and her colonies or 48 per cent. of the whole, and of this 14¾ millions 88 per cent. belongs to the mother country. But these figures by themselves do not give an adequate view of England's predominance, unless account be taken of the equality as well as the quantity of the ships owned. It is commonly reckoned that one ton of steam shipping is equal to four tons of sailing tonnage in efficiency, and in the year 1900 more than eighty per cent. of British shipping consisted of steam-shipping, while of the shipping of the rest of the world only seventy per cent. was steam tonnage. With this correction Great Britain's proportion rises to fifty per cent. of

the sailing and steam tonnage of the whole world. This is true in spite of the fact that France, Russia, Spain, Portugal, and the United States have reserved their coasting trades for vessels flying their own flags, whilst the coasting trade of Great Britain and her colonies, as stated above, is open to the vessels of all nations. But France (except Algeria), Germany, Holland, Denmark, Sweden and Norway, Belgium, Austria and Italy, permit British vessels to trade with their oversea possessions; the only countries which prevent all other foreigners from invading their coastwise colonial trade are the United States, Russia and Spain. The United States, which ought to be leading all other countries in liberty in shipbuilding and in commerce, alone among all nations preserves the provision that its own citizens shall not be allowed to register vessels built in other countries, and, with Russia and Spain, prohibits all foreigners from enjoying its colonial coastwise trade. The tramp steamers which run from and return to English ports, carrying largely coal in their outward voyage, return with grain, timber, cotton and other bulky cargoes on their homeward voyage. Since the year 1900 we have been the producers of the greatest amount of coal annually of any country in the world. Our deposits of coal are the greatest to be found in any country in the world. Our production of iron and steel is the greatest in the world, and, as mentioned in prior chapters,

we produce about as much pig iron yearly as any other two countries in the world. The supremacy in steamships in the future lies with the country producing the greatest amount of coal, iron and steel. With free ships and free trade in the material which goes into the building of a ship, we can soon lead the world in the number of our steamships.

In the debate in the House of Commons on the Corn Laws in 1842 a member, Captain Layard, said that when he was in China he had been shocked at the barbarous custom of contracting the feet of the children, and he had expressed his surprise to some Chinese gentlemen at its continuance. They apologized for it by explaining that there were certain old women who made their living doing this work, and that the welfare of these old women required the maintenance of the practice. When the stage coach gave way to the railway, the stage drivers appealed to a sympathetic public that they would be ruined if steam railways were allowed to continue. The first gas company was formed in London in 1807. Speakers in the House of Commons contended that if the bill were to pass, it would throw out of employment ten thousand seamen engaged in the whale fisheries and thousands of rope-makers, sail-makers and mast-makers connected with that trade. The owners of American shipyards appeal to the shining example of China, and say to us, as the Chinaman says, "Let us

have as few dealings as possible with 'foreign devils.' ” Are we really living in an age of enlightenment when we adopt as a model the example of China? Are not the people actually impotent in their inability to repeal this barbarous statute? Are the private interests of the Cramps to control the policy of a great nation like ours? Let us commence legislating upon the principle of the greatest good to the greatest number instead of the greatest good to the Cramps.

## CHAPTER IV

### PROTECTIVE TARIFFS AND PUBLIC VIRTUE

THE most important consideration for the patriotic citizen in connection with the tariff question and the trust is their effect through political parties upon Congressmen, upon beneficiaries of the tariff, upon the lives and characters of the men and women who are the real strength of the Republic. The seekers after protective tariffs have been corrupting both themselves and our public men. If the true history of tariff legislation could be written, the revelation would arouse the whole people to indignation. If it did not arouse them to such indignation, it would be conclusive proof that our people do not appreciate free government, and do not appreciate the evils which endanger it. Many years ago the industrial captains of the country and the political leaders struck hands, with the result that both political parties have lost sight of the public welfare. There was never a greater danger to government than has come from this unholy alliance. Think of the terrific power created when political parties and the government ally themselves with the industrial wealth of the trusts. You

there unite the two most powerful tendencies in our national life, the pursuit of wealth on the one hand and the pursuit of political power on the other; and the affiliation is one which will surely corrupt the people and eventually wreck the government. Christ, with a profound knowledge of human nature, taught his disciples to pray that they should not be led into temptation. Though a considerable proportion of the American people profess his teachings, yet they have deliberately given to their legislators the power, by Congressional enactment, of transferring millions of dollars from the hands of the people to the pockets of a few industrial leaders. A more stupendous instrument for corrupting Congressmen than the lodging of this power in them was never conceived by the perverse ingenuity of man. Place three or four hundred Republicans or Democrats of approved honesty in Congress, continue them there for a few years under the temptation of such an alliance of public power with private business, and a considerable proportion of their number will surely yield to the temptation to make money out of tariff legislation. Daniel Webster well said, "The deadliest canker that can attack the heart of a nation is the corroding disease of commercial avarice." This commercial avarice, the fiercest passion that burns in the heart of man, is closely allied with that other passion of ambition for power and place but little less terrible in its intensity. Congress-

men and United States Senators early saw the danger from this alliance, and prophesied that it would result in the ruin of their country. In 1828 Senator McDuffie, of South Carolina, in opposing the passage by the United States Senate of the tariff act of that year said: "Sir, when I consider that by a single act like the "present from five to ten millions of dollars may be "transferred annually from one part of the community to another; when I consider the disguise of disinterested patriotism under which the basest and "most profligate ambition may perpetuate such an act "of injustice and political prostitution, I cannot hesitate for a moment to pronounce this very system of "indirect bounties the most stupendous instrument of "corruption ever placed in the hands of public functionaries. It brings ambition and avarice and wealth "into a combination which it is fearful to contemplate, "because it is almost impossible to resist. Do we not "perceive at this moment the extraordinary and melancholy spectacle of less than a hundred thousand "capitalists, by means of this unhallowed combination, "exercising an absolute and despotic control over the "opinions of eight millions of free citizens and the "fortunes and destinies of ten millions? Sir, I will not "anticipate or forbode evil, I will not permit myself to "believe that the Presidency of the United States will "ever be bought and sold by this system of bounties "and prohibitions; but I must say that there are cer-

"tain quarters of this union in which if a candidate for the Presidency were to come forward with the Harrisburg Tariff in his hand, nothing could resist his pretensions if his adversary were opposed to this unjust system of oppression." The same foreboding of evil to our free government from this cause is found in the last message of President Jackson to Congress; and I submit that these prophecies are being sadly realized in our day.

"Are Congressmen bought by the Trusts?" the reader asks. Undoubtedly in some cases. A man with the resolve to do his duty is elected to Congress. The air around him in Congress is heavy with the cry of corruption. He becomes satisfied that conditions of corruption exist. He hears no indignation expressed at their existence, and by and by he falls. By what is too frequently regarded as a successful stroke he gets more in a day than he can earn in a year by patient effort. You, the American people, have recognized the right of government to confer favors upon private business, and you have created the temptation which became too strong for this man, and you are accountable to some extent for his fall. If you doubt that men fall in this way, let me call your attention to one case which will illustrate many others. From 1867 on the Pacific Mail was seeking subsidies from the National Government through Congress. They procured subsidies amounting to millions of



dollars, but later in 1874 it was disclosed that Allen Stockwell, the president of the Pacific Mail, with the consent of the directors of the Company, spent, through its agent, Irwin, nearly a million dollars among Congressmen to secure the bill granting the subsidy. J. G. Schumaker, a member of the House of Representatives, was found to have received \$300,000, for which sum he could not account through failure of memory. The circumstances tended to show that he distributed this money among other members. King, the Postmaster of the House of Representatives, who had also been elected as a member of Congress, fled to Canada. Other members of Congress were thought to be implicated, but no proof could be obtained. The Pacific Mail is only one of many such cases which the reader will recall. In those days the disclosure of the fact that a public man had been even remotely connected with such a transaction resulted in his dropping out of public life. You will all remember that the name of a man who had been Vice-President of the United States appeared in connection with alleged corruption, and he retired from public life. You will all remember what resulted from the disclosures with reference to the famous "Credit Mobilier."

The approved method, however, of procuring tariff legislation is by contributions on the part of trusts and other beneficiaries of the tariff to the campaign disbursements of both political parties in cases where

they are in doubt as to which party will win. The mightiest of all the influences which bring about the nomination and election of Presidents and Congressmen, of Mayors and Aldermen, is the financial aid which the great trusts and their allied corporations are ready and anxious to contribute to political funds. In national campaigns about every protected trust opens its bank balance to one or both political parties. The right to tax the Roman people and provinces in the days of Rome's fall was sold at auction by the Praetorian Guards. The right to tax the American people by these giant trusts is sold just as surely and just as clearly in every national campaign. The party manager says to the manufacturer, "You cannot make a more profitable investment. Protection has made you rich, free trade will make you poor. If we are beaten, our adversaries will give you free trade. These are the conditions. Come down with your cash." This argument, followed by the gifts of money, puts the control of the tariff question touching every man, woman and child in the United States in the hands of political leaders and United States Senators who have actually taken the money of the corporations under a pledge to give them what they want. Has the reader any doubt about this? Let us see. In 1888 James B. Foster, the president of a political league, wrote the famous letter in which this language appears: "The manufacturers of Pennsylvania, who are more highly

protected than anybody else, and who make large fortunes every year when times are prosperous, are not giving as they ought to. If I had my way about it, I would put the manufacturers over the fire and fry all the fat out of them." When you find great insurance companies during the last few years paying hundreds of thousands of dollars to the campaign committees of political parties in national campaigns, where the directors of those companies are in almost every case closely connected with great manufacturing and railroad interests, do you still doubt that the direct beneficiaries of the tariff, the trusts, pay their good money to political leaders and United States Senators? Do men give large sums for campaign disbursements to political parties without expecting some return? An official of the National City Bank of New York after the election of 1896 delicately reminded the Secretary of the United States Treasury of the obligations which his party owed to that great banking institution for financial contributions in the campaign, and suggested that obligation to this high official as a reason why he should grant favors to the City Bank. Such obligations seem to be recognized at Washington, since in 1899 the Secretary of the Treasury entered into a contract with the National City Bank to sell the Bank the old Custom House property occupying an entire block in Wall Street for \$3,265,000, which sum is estimated by real estate men to be about one-half its real value.

At the time of this purchase the National City Bank had many millions on deposit belonging to the National Government, and it paid the Government on account of the purchase price \$3,215,000, leaving a balance due the Government of \$50,000. It made this payment by transferring on the books of the Bank that amount from one account to the other, never really paying a single dollar of money to the Government, but giving it credit for the amount of its purchase. The Bank, having paid for the property, should have taken a deed thereof and have paid its taxes on it to the City. Instead, it rented the building to the United States Government as a Custom House from that day until the present time for an annual rental of \$130,600, but left the title in the Government, thus avoiding the payment of all taxes thereon. Such returns for campaign disbursements are the order of the day. Mr. Herbert S. Hadley, the Attorney-General of Missouri, recently well said: "If you search for an explanation as to how and why it was that the City Counsel or State Legislator has been bribed, you will, in the great majority of cases, find that some business interest has been seeking some special privilege or dishonest advantage which it could not secure by the honest judgment of the representatives of the people."

Now, let us see how the giving of money by trusts affects the result of elections. In a national election in the average doubtful state forty per cent. of the

people will vote the Republican ticket, and another forty per cent. of the people will vote the Democratic ticket in any event, and in such a state the party gets the electoral vote which controls a majority of the remaining twenty per cent. With the money furnished by trusts the parties controlling the campaign seek to procure a majority of that twenty per cent., first probably by trying to convince them that their interests lie with the party seeking their votes, and eventually by purchasing a considerable portion of their votes if they cannot be obtained in any other way. In 1888 William W. Dudley, Treasurer of the National Republican Committee, said in a letter of instruction to the campaign workers of his party in the State of Indiana: "Divide the floaters into blocks of fives and put a trusted man with necessary funds in charge of these fives, and make them responsible that none get away, and that all vote our ticket." A few years earlier Barnum, of Connecticut, Chairman of the National Democratic Committee, sent his celebrated order for the purchase of "mules." One party or the other having succeeded in the election of their Presidential candidate, the time for making return for the money arrives, and a powerful Senator who knows who contributed, or a political leader who dictates the action of his party, sees to it that the return therefor is made in tariff or other favors. Many a time a member of Congress votes for measures which he

knows or ought to know are wrong, and his only return is the consciousness that he has paid a political debt for his party and cared for the interests of some rich corporation which has contributed liberally. Henry Loomis Nelson, now Professor of Political Economy in Williams College, in January, 1900, wrote: "Since 1875 Congress has not legislated on the tariff: it has simply affirmed or ratified the decrees of the beneficiaries of the tariff. These people have transformed the government into a socialism in which they are not merely the favored class, they constitute the only class. The House of Representatives passed the Mills Bill of 1888, but the Senate was then Republican and protectionist, and the protected interests turned the bill into a protection measure. The popular branch of Congress also passed the Wilson Bill in 1894, but the protected interests transformed it in the Senate through the aid of Democratic Senators." It is no longer a question between political parties whether this matter of bribery shall go on. Its importance rises mountain high above all partisan considerations. No truly patriotic citizen ought to care a fig whether the Republican party or the Democratic party goes up or down, if the party really in power gets there without using such practices, truly represents public opinion, and legislates wisely with reference to public interests. This question of the use of money to control legislation ought to rise in impor-

tance far above one's party affiliations. The trust which furnishes money to carry on campaigns under an implied agreement that in case of victory such legislation as it desires shall be passed is a hundred times more dangerous to the existence of our free government than any anarchist who has ever threatened the life of our rulers. The men who purchase such legislation do not assail mere individual life; they assail the life and welfare of a whole nation. The hell of public execration should have no corner too hot for such men. A flame of public indignation at such crimes against the life of the nation should drive them from social life. They are recreant to every duty of a citizen, recreant to their country, recreant to virtue, and recreant to honor itself. They are as clearly enemies of the Commonwealth as though they came with arms in their hands to attack and destroy it. Our country will never go down in the momentous sweep of battle; but it will as surely die from corruption as the moral law pervades the universe if these conditions continue to exist. In the midst of the whirlwind, now as in the olden days, is the voice of God; the great soul of the universe is just.

Another source of corruption is found in the fact that United States Senators and Representatives are themselves frequently owners of manufacturing interests which are largely affected by tariff legislation; and, notwithstanding the fact that these men are per-

sonally interested in the passage of a bill allowing them to mulct the American people, they deliberately vote upon such measures in the Senate and the House. Many an afflicted man or woman in raising a memorial to their dead have paid by reason of the tariff a considerably increased price to a United States Senator interested in quarries. Many a consumer in the purchase of clothing has paid another tribute to a member of the House of Representatives who is engaged in manufacturing. Many a Senator has voted upon tariff bills which imposed duties upon bituminous coal when he was directly interested in such coal mines and in connecting railways. Directly or indirectly about every Senator in the United States Senate is largely interested in manufacturing or mining or some other industry affected by the tariff. The United States Senators, as a rule, control the organization of their party in their respective states; and the power of the party organization in the United States is such as is found in no other country in the world. It not only absolutely determines actual legislation, but it controls almost with despotic power the vast patronage of government. Privilege, patronage and protection are what make a United States Senator in these days all powerful. A monopoly which desires to have farmed out to it a part of the taxing power of government can afford to own a United States Senator in one of the smaller states; and, by a combination of the owners of



a few such Senators, the tariff can be increased, or a change in the law can be headed off, and all attempts to relieve the people absolutely thwarted. The total vote of Nevada a few years ago was only about 11,000. Mr. Stewart for a long time represented that small constituency in the United States Senate. When discussion over the duty on borax was before the Senate, it was claimed by those opposed to the duty that the Pacific Borax and Redwood Chemical Works was about to be sold to an English company, when Senator Stewart arose and said that he understood that "there had been an attempt to make this sale in Europe in good faith, but I think the whole matter fell through. It was one of the bombastic prospectuses that the English put out. It must be an exaggeration." Through recreancy to duty on the part of this United States Senator and upon the part of Senator Perkins and Senator White, of California, the outrageous duty upon borax was imposed. But the wrong is not alone in United States Senators. The people themselves are in many cases corrupt. Senator Clark, of Montana, was able to control a majority of the Legislature in that state, and thus secured a seat in the United States Senate, where a unanimous report from the Committee on Elections found that his election was procured by bribery. However, he returned to Montana, and the Legislature of that state, knowing that he had procured his prior election by the corrupt use of money, re-elected

him, and to-day he sits in the United States Senate legislating upon many industries in which he is interested; and the people of Montana are probably not ashamed of being represented by such a Senator.

The control of the newspapers by special interests and trusts is a most dangerous result of protective tariffs. A great newspaper in one of our larger cities requires a large investment of money to organize it in the first place and a larger amount to continue it until it becomes self-sustaining. Many of the stockholders and directors of newspaper corporations are interested in manufacturing interests, and the policy of the paper is directed with reference to those interests. The newspaper makes its money from the proceeds of advertisements, and the industrial combinations expend large sums of money in advertising. In national campaigns vast sums of money are expended in directing and controlling the opinions of the press. The result is that many of our newspapers do not recognize the interests of any other class but the producing class. Times are prosperous, according to such papers, when the corporations are making money. We are developing rapidly when the millionaires are adding millions to their already large fortunes. The trust-controlled paper, instead of direct, courageous, helpful dealing with public questions, fills its columns with accounts of battles never fought, of things never done, and with the fleeting popular passion or sensa-

tion of the moment. Instead of pointing out the real cause of abuses, and seeking to have it removed, they attribute all abuses, however remote the cause, to the officials in power at the time, so that they can have some one prominently before the people to "pound." These newspapers encourage the conditions which bring abuses, and then seek popular favor by attacking the abuses when they appear. They select men of straw to trample upon, announce platitudes with ponderous affectation of wisdom, and, as has been well said, assail with great vigor "The Czar, the Kaiser, and the Sultan, and sock it to all the satraps at a safe distance." But they carefully avoid vital, living public questions which lie at the foundation of the welfare and happiness of every humble home in the land. The remedy prescribed by such newspapers for evils is always a penal statute which they know, or ought to know, will never be enforced. The influence of this kind of newspaper, and often its deliberate intention, is simply to divert the attention of its readers from the real causes of public evils.

The secondary forms of corruption which spring indirectly from protective tariffs are all-pervasive in American life. So successful have been the combinations of wealth and avarice in controlling national legislation that to-day few men think of striving for wealth in any great business adventure without either national or state aid in the form of special legislation.

Young men, in fact all classes of men, placing less confidence than in the olden times in industry and economy, turn their eyes to legislation as the sure source of wealth; and therefrom springs the feverish, speculative, unscrupulous spirit of the day which is sapping and destroying our fine young American manhood. Once let it be fully accepted as a legitimate feature of public policy that the great public power of taxation may be used for private purposes, and you corrupt the whole people, and turn their attention from procuring wealth through industry and economy to procuring it by legislation.

Protective tariffs invariably result in an amount of revenue in excess of the needs of government, or, when the duties are so high as to greatly restrict importation, in deficits in revenue. The tariff of 1872, the tariff of 1883, and the tariff of 1890 were each occasioned by the accumulation of a great surplus over the necessities of government in the treasury. The McKinley Tariff of 1890 placed duties so high as to unduly obstruct importation and therefore reduce the income, and did not furnish sufficient funds for carrying on the government. There has been a considerable deficiency under the present tariff to meet the expenses of government in the years 1904 and 1905. The result of all this has been frequent changes in the tariff, extravagant expenditure of money to get rid of the surplus, anxiety and apprehension on the part of

business interests fearing a revision of the tariff and all the demoralization which comes from such conditions. The friends of protection are always the friends of the distribution of public money, and public extravagance is one of the most effectual means of destroying public virtue. Public extravagance in national matters has resulted from the fact that the surplus income must be disposed of in order to remove its existence as an objection to high tariffs. Twenty commodities like tea, coffee, etc., could be selected which would produce as much revenue as the present tariff and would not afford the frequent surplus calling for a change in the tariff. Indirect taxation through tariffs is a source of public extravagance and demoralization. Does any intelligent man believe for a moment that our annual pension list would have reached even \$50,000,000, instead of \$160,000,000, had it been necessary to raise the money devoted to that purpose by direct taxation? Would our representatives in Congress dare to multiply offices, approve thousands of unmeritorious private claims against government, enact wasteful river and harbor bills, and squander the public money if the national expenses had to be defrayed by an overt, irritating tax dragging the money directly from the citizen's pocket? The cost of the administration of the national government for the last four years, exclusive of all expenses in Panama, exceed those of the four prior years by the

extraordinary sum of \$436,104,699. Bismarck, as it will appear in the chapter on German Tariffs, frankly gave, as the reason for changing the policy of Germany from direct to indirect taxation in 1879, that by such taxation the money of the people could be taken without their knowing it. It is the old story, but ever a true one, that government wishes to pluck the feathers from the goose with as little squawking as possible.

A war between our own country and another country would be a most prolific source of demoralizing our people, and wars are often the result of protective and retaliatory tariffs. Four years ago we decided, in the interests of the American sugar refiners, to levy a countervailing duty on Russian bounty-fed sugar. Russia retaliated by promptly levying high duties against our metal exports, reducing exportation largely, and this continued for two or three years. In 1888 and 1889 a bitter tariff war existed between France and Italy, causing millions of loss to both countries. In 1893 another bitter tariff war continued for a considerable part of the year between France and Switzerland, and in the same year a violent tariff war between Germany and Russia broke out, causing great loss to both countries.

Another evil resulting from protective tariffs is the centralization of government. The acceptance of the protectionist idea that under the guise of law govern-

ment can delegate to private corporate interests the right to collect from the whole people a price for the necessities of life beyond their competitive values is a perversion of the fundamental principles on which constitutional liberty rests. If a tariff bill were passed specifying its actual purposes, the courts would be forced to declare it unconstitutional. If you were to ask any man whether the legislature has any right to authorize him to put his hand into your pocket and take your money for his advantage, he would promptly answer "No." Now, is it safe to place in the hands of government the right to permit a few men to sell their goods to the millions of consumers at a higher price than they otherwise could? Macaulay, speaking of Charles I, said, "No man is fit to rule over a people who listens to the few who have access to him as against the many whom he will never see." He might have said, further, that no people ever wisely gave the right to government to favor the few who have access to it at the expense of the many whom its officials will never see. Such a power reposed in government is a danger to democratic government. Such a power in government is despotic in its very nature, and under its exercise government cannot but become more and more centralized. Such centralization has been the tendency in both state and national government in recent years. The Speaker of the House of Representatives usurps the legislative power of the

House. The committee upon rules in state and national Legislatures ties the hands of individual members, and all legislation in the last days of a session is practically dictated by two or three men. The House of Representatives, intended by the framers of the Constitution to reflect the will of the whole people, has lost its power and prestige. The Senate, composed of comparatively few Senators, elected in many instances through the corrupt use of money has become all-powerful. Local self-government in towns and cities is usurped by state legislatures. Abuses accustom men to rely upon the strong power of government for a remedy and bring about a condition of paternalism that makes "Little Fathers" of Presidents and bureaucratic government generally, such as Russia and Prussia present to the world to-day. Around "Little Fathers" as Presidents is always gathered a bureaucracy. France, though enjoying republican government in name, is just as bureaucratic as many monarchical governments in Europe. When a French peasant attempts to pay in money his share in the repair of a communal road instead of breaking the necessary amount of stone himself, no less than twelve functionaries must approve of such payment and no less than fifty-two different acts must be performed by them before it can be done. If centralization of government continues in state and national government with the rapidity that we have seen for the last



twenty-five years, it will not be long before all the powers of localities will have been usurped by the state government, while many of the powers of the state will gradually be absorbed by the national government. Our state will become as that of the Sultan of Turkey, where not a church nor a school nor a factory nor a mill nor a village road nor a bridge over a river can be built nor a book or newspaper printed without the examination of the question at Constantinople. Are the people awake to these dangers? Is not the remedy to find the cause of such abuses and remove that cause, instead of making abuses and then authorizing the President, through inter-state commerce commissions and other means, to remedy the abuses? Once place in the hands of the President of the United States the power to control every corporation in this land, and you have placed in his hands a power that will surely destroy democratic government. If ever the day shall arrive when the people of the different states shall allow all their local affairs to be administered by state officials and when the states shall allow the powers reserved to the states to be exercised by the central government, on that day this democratic Republic will be robbed of all that has made it of value and interest to mankind.

The clearest expression of national strength is patriotism, and protectionism as developed in the United States is destructive of patriotism. The line

between public duty and private interests is always lost sight of in the making of protective tariffs. The protective tariff, while it brings from duties upon foreign imports upwards of \$200,000,000 annually into the treasury, at the same time permits the producers of tariff-protected articles to sell their goods to the American people for at least a billion dollars annually more than they would receive were it not for the tariff. A law whose chief effect is to bring a billion dollars of money into the pockets of private individuals does not inspire patriotism in the people. Shoddy clothing for which the citizen has to pay twice as much at home as the Englishman has to pay for woolen clothing, embalmed beef sold by the beef trusts to the government for our soldiers, corruption in the general government in about all the cases where recent investigation has been made, increased taxation to support those birds of prey, the politicians, the voting by Representatives in Congress of mileage to their homes and return during a constructive recess of Congress when they had never traveled a single mile, the sight of vast wealth enthroning itself in the United States Senate and voting tariff benefits for industries owned by its own members, all these abuses have been tending to make the individual citizen feel that life is but a scramble for governmental benefits and that patriotism is but a mask for hypocrisy. Are there not evidences on every side that the spirit of patriotism is dying out

among our people? It has been found necessary for the Legislatures of twenty-six different states in the Union to prohibit the use of the Stars and Stripes as a means of advertising the commodities of merchants and manufacturers, and so fully have some of our courts absorbed this materialism that they regard property as more sacred than the flag of our country. The highest Appellate Court in two of the leading states of the Union has recently held that the prohibition of such use of the flag by an act of the state Legislature is unconstitutional. In one of the cases at the time the act was passed the cigar manufacturer, who afterwards became defendant in the criminal proceedings, had on hand a few cigar boxes with the Stars and Stripes carried by a military squad under the title, "Color-Bearer," printed thereon. The learned Judges in the higher Court all agreed that, because the defendant was the owner of these cigar boxes with this label thereon at the time the act was passed, the portion of the act applying thereto was unconstitutional in that it deprived him of his property without due process of law. If you wish a striking example of the decay of patriotism in our country, observe, when crossing the Atlantic on one of our national holidays, the struggle of our people to sing "America" or "The Star Spangled Banner." It was the spirit of patriotism in the bosom of every soldier of Japan in the late war that carried the Japanese arms to triumph. It is that

spirit largely that preserves the liberties of Switzerland. The poor peasants of Unterwalden gave their lives for liberty upon their mountains, the great nobles of Venice clung to their lives and to their gold.

Finally, let us inquire how protective tariffs have affected the civic virtue of the beneficiaries of the tariff. When any man, be he manufacturer or in any other business, commences to sleep on a full stomach stuffed with his neighbor's share, at that moment he commences to die morally. This is true of nations as well as individuals. The Assyrians plundered all Asia Minor for seven hundred years, and brought their wealth to Nineveh only to die through the luxury purchased by their ill-gotten gains. Babylon followed their example, and scientific men have been digging for the last half-century to find the palaces, the hanging gardens and the great walls which were built with the plunder of nations. The Median Empire lived less than a century, and died as a result of its lust of conquest. The Persian, Parthian, and Roman Empires followed in the footsteps of the others, and went down to destruction as the result of the curse which attaches to plundered wealth. Spain robbed the Western world, and, shorn of all her possessions, now lies decrepit and helpless. No man can get from government what he is not entitled to for any considerable period of time without losing a sense of justice, if indeed he ever possessed it. Do you doubt this? Read

the testimony of the men connected with the insurance scandals in New York, about all of whom are connected very closely with the industries of the country. They do not know evil when they see it. They did not even seem to appreciate that a trustee could not use trust funds for his profit. Men cannot traffic in the honor of other men without losing their own honor. Men cannot give money to campaign committees with the implied agreement that they shall receive a return therefor through tariff legislation and keep their self-respect. Before the Industrial Commission on December 18, 1900, came George V. Cresson, at that time President of the Manufacturers' Club in Philadelphia. Mr. Cresson for forty years had been engaged on a large scale in the manufacturing of machinery and its sale all over the world. A careful examination of his testimony indicates the elevation of his character. Honored by the club of which he was president, respected generally in business, a manufacturer himself, his opinion of how protective tariffs are procured and how they affect the men who procure them is of value. He was asked:

"Q. If the tariff could be amended in a few respects from time to time as might be suggested by economic changes, without being generally revised, and if the same policy of tariff could be preserved, would legislation of that sort injure business?—A. I understand you to say that if the changes were made gradually?"

“Q. Yes; from time to time as economic changes  
“suggest?—A. Yes; my opinion is that is the only  
“way to do it; I do not believe there is any other way  
“to do it and do it properly. I have advocated, and  
“felt more and more for years that the sooner we get  
“at that thing the better. As I understand the way the  
“tariff is altered now, a large number of manufacturers  
“go down to Washington and advocate their special,  
“particular business and try to get the tariff placed as  
“high as possible on it. I do not think it is of any  
“advantage to them. I know it would not be in our  
“business. As far as we are concerned personally, we  
“are not at all affected by the tariff. You might say  
“we are affected indirectly by the way it affects our  
“customers. For instance, the wool man, if he has his  
“business stopped, cannot order any of our goods; the  
“cotton man the same way, and so on. Now, in case  
“there is a certain amount of leeway given that man  
“to understand what is going to happen, he can pro-  
“vide a way to arrange his business; but if the thing  
“comes on with a crash, it leaves him in the air, so to  
“speak, and he does not know what to do. That is the  
“effect of this incessant figuring with the tariff in a  
“large way. I believe, as far as I can see the matter,  
“that there have been a great many more changes in  
“certain things in the tariff than there has been any  
“business necessity for. I am not at all an advocate  
“of a high tariff. I think that as low a tariff as we

“can get along with, affording a fair profit, is what the  
 “manufacturers of this country will prosper under.

“Q. You believe in having it protective, but not un-  
 “duly protective?—A. No; I do not believe anybody  
 “should have the advantage in that way. It creates a  
 “bad condition of affairs in regard to the enormous  
 “amount of money a man makes at one time, and when  
 “that is all cut off he has been demoralized by that  
 “operation. He gets in the habit of spending more  
 “money than he did and than he ought to, and is apt to  
 “lose his business entirely. I have known of many in-  
 “stances of it. I have seen it in this club; where men  
 “used to spend thousands of dollars they cannot now  
 “spend so many pennies. A good many have left here  
 “because of their being absolutely without means.  
 “Some of the principal men here when I first came to  
 “this club have suffered in that way, and I mention  
 “this simply as being a typical place where we see the  
 “different kinds of manufacturers.

“Q. (By Mr. Farquhar.) Do you know of any  
 “way of amending the tariff without opening the whole  
 “tariff schedule?—A. The only way I could answer  
 “that question would be this: If I find a part of my  
 “business does not pay, I make it pay. If there is too  
 “much tariff on one thing, why not have it changed so  
 “as to be within bounds and be reasonable?

“Q. But do you not know the whole tariff is sub-  
 “ject to amendment the minute you take it up to amend

"one paragraph?—A. That is a legal point I do not know anything about, but I think it is a very bad thing if it is so.

"Q. Your opinion is that we should take the whole tariff question out of politics?—A. I think it should be made a business question.

"Q. You would place it in such a body as the British Board of Trade, where they could make changes to fit conditions?—A. The British have always had the advantage over us in that way."

Mr. Cresson, with ripe experience and wide observation of men, seems to think that protective tariffs ruin men, and he tells us he has known many instances of that kind. Every man of business knows such instances. The moral law of the universe is against injustice, and the luxury which ill-gotten wealth affords more often brings woe than happiness. All history verifies this. Sybaris, Rome, Antioch, and Venice, each are instances where wealth and luxury destroyed private and public virtue. We all recall the fate of that little group of Italian States whose political institutions were wrecked by the greed of a few men, and whose public freedom vanished before the breath of commercial ambitions on the part of their petty rulers. The effect of acquiring wealth by injustice is seen in the men at the head of our great commercial combinations. Do they take an interest in public affairs? Are they willing to make sacrifices for the



public welfare? In England men in the same walks of life frequently give years of time to Parliament and public life without receiving a dollar of recompense for their services. Here this class of men avoid public life except to procure unjust laws allowing them to fleece their fellow-countrymen. But they do make what they regard as atonement for such conduct. They give freely to charitable purposes. The sense of religious rapture over mercies received on the stock exchange are said to bring many offerings of great beauty to the altar, and the sense of thankfulness for unjust enrichment seems to result in a flood of charitable gifts. If history has any lesson clearly written, it is that the rapid accumulation of wealth through injustice is always accompanied by a generous distribution of the same to the poor. The reign of Augustus and the reign of Constantine were marked with just such liberality as exists to-day. But Augustus found Rome free and left it a slave. In the reign of Constantine commenced that distribution of wealth which transferred to monasteries and churches a considerable proportion of the riches of the world. The greater part of the works of charity have been a curse to those receiving the alleged benefits. What we need is not charity but justice. Justice is the highest charity, for it substitutes equal opportunity, fair play and certainty for the chance operation of philanthropy.

There are, however, indications of a better day. Be-

fore the Civil War the question of the existence of slavery and its injustice was one avoided by Southern members of the Senate and the House of Representatives. Human slavery was so thoroughly inconsistent with our form of government as to make mention thereof a source of pain, and so members of Congress from the North as well as the South were silent. The cruel injustice of the trusts to consumers has created a tender spot in the conscience of every protectionist in Congress. He does not like to discuss the question. When the bill to remove duties upon imports of building material for San Francisco was recently before the House of Representatives it was passed with little discussion, because protectionists feared a tariff debate, and the dread of the striking object-lesson which must result from such legislation. These men admit the weakness of their case by the fear of discussion. When an evil gets so bad that men dare not discuss it the end is approaching. In the Hall of Eblis every man ran round and round holding his hand over an incurable sore and all agreeing not to mention it. Will the people consent that it shall not be mentioned? Are they going to be cheated much farther with the empty forms of liberty when the spirit has fled. The event is with them. If their virtue is impaired, the result hangs trembling in the balance. Those who live under a representative form of government must rise morally or they will sink politically. We cannot measure

justice by expediency, we cannot sell our souls to materialism, we cannot fold our arms in sleep and surrender to the greed of unscrupulous wealth and still preserve free government in its integrity. We may give credent ear to the flattery of demagogues, we may console ourselves with the hope that things are not as bad as they really seem, we may deceive ourselves with the forms of free government long after the spirit of liberty has fled; but if we are to preserve free government and to act worthily of those who laid its foundations in prayers and in blood, we must emulate them in their hatred of injustice and extortion.

## CHAPTER V

### A TALK WITH MANUFACTURERS

It will take men a weary while to believe in the injustice of any system that puts gold into their purses. Because of this I do not address myself to the owners of the United States Steel Corporation, nor to the other monopolies which control the supply of raw material, but rather to you, tens of thousands of manufacturers, who use in your factories raw material, such as pig iron, steel blooms, billets, coal, wool, hides, leather, lumber, lead, or chemicals. If I can satisfy you that the tariff not only puts no gold into your purses, but actually takes it out, you surely cannot say that in denouncing our existing tariff I am opposing your interests.

Never in the history of our country has there been a time so critical for manufacturers and exporters as the present. Upon our action for the next twenty years as regards the imposition of duties on raw materials depends our ability to seize the greatest opportunity ever presented to any people for industrial primacy. Let me call your attention to the existing conditions. Our country is situate midway between

Europe and eastern Asia. Japan holds aloft the light which is to guide China, Corea, Manchuria and the islands of the Pacific and Indian Oceans to a higher civilization. Japan, China and all the Eastern countries have unlimited deposits of the raw material of manufacturing. Can there be any doubt about the wisdom of exchanging our highly manufactured articles, made in great part by automatic machinery, for the raw materials and hand-made products of Asia? Such an exchange means more work for our people already becoming overcrowded. Such a vent for our manufactured product will give stability to our manufactures which they do not now possess. I am aware that the imports to China and the islands of the Pacific are now comparatively small, and our trade with them when compared with European countries is really insignificant; but within the next fifty years a revolution in their industrial life must take place. Railroads will be built, mines will be opened, waterways will be improved, European customs will be adopted and commerce between these countries and the existing industrial world will multiply many fold. Our vast natural resources of iron and other raw materials which are the foundation of successful industry, and without which it cannot long continue, are the greatest of any country in the world. We produce more coal, iron ore, pig iron, steel, copper, lead, borax, petroleum, cotton, wheat, corn, oats, and cattle than

any other people in the world. Our people are the most energetic in the world, using machinery in manufacturing to an extent elsewhere unknown. Our manufacturers are able to adjust themselves to new conditions more easily than any in the world. No people have ever carried on such gigantic schemes of internal commerce and transportation as ours. Our workmen are free from the routine spirit common to European workmen and have no prejudices against the employment of machinery so common in England. Our capitalists are the boldest and most enterprising, and we are and will continue to be the most inventive people in the world. Edison leads all the inventors of the world, having given us 784 patents up to 1904. The people of the little State of Connecticut probably have made more inventions than the people of all Russia.

Now what prevents our taking the leadership as exporters? It is our antiquated tariff, which for forty years has imposed a higher duty upon imports than that of any other country in the world. It is so unscientific in its nature as to impose duties upon coal, iron ore, pig iron, steel, wool, lead, sugar, lumber, hides, wood-pulp, chemicals, and about every other raw material which you manufacturers use. In such a contest as you are about to undertake every burden upon your raw material should be removed. Your competitors in Great Britain and Germany have consider-

able advantage of you in the cheapness of their machinery and plants, and every particle of raw material which goes into their manufactured product is absolutely free from any burden. You would be able, by your energy and your use of machinery, to lead the world in manufacturing in a fair contest, but we put burdens upon every particle of your raw material and ask you, thus handicapped, to capture the markets of the world. Our protective tariff simply penalizes all production and all exportation by imposing duties upon raw materials. Thousands of you, employing hundreds of thousands of workmen, are engaged in building locomotives, cars, carriages, hydraulic machinery, dynamos, automobiles, agricultural machinery, and other machines and tools, and everything that enters into the manufacture of your product is increased in cost by nearly the amount of the duty on your raw material. You can manufacture in eight months sufficient to satisfy the wants of our people, and you must either over-produce and bring about stagnation or else find other markets in which to sell your products. The obstacles to your success is that every stick of timber in the building of your plant, every piece of your machinery, every ton of coal, every piece of iron or steel or lead you use is increased in price because of the tariff. More than a third of all our imports is raw material, and the duty imposed not only affects the price of these imported

articles but, as you well know, enables the trust, after it has destroyed domestic competition, to raise the price of the like domestic raw material up to the duty line. There is annually a tax of at least \$600,000,000 upon your raw materials through the agency of the tariff. Do away with this tax, and by the aid of your machinery and your intelligent labor you could manufacture so cheaply that you could wrest from Great Britain and Germany the neutral markets of the world. While you practice economy of effort in all the daily actions of your industrial life, buying as cheaply as possible, saving a dollar here and a dollar there, you allow a system to continue which makes your economy of little avail when you seek to become a producer for the world. Not only do these iron masters make you pay tribute upon every ton of your raw material, but they dump their pig iron, crude steel, and partially manufactured products into foreign markets at lower prices than they sell to you, and the Englishman and German, getting their raw material at reduced prices, can undersell you in the markets of the world. It is sound public policy to send abroad highly manufactured goods, since thereby you exchange the products of skilled labor for the cheap labor used in procuring your raw material. Do not public policy and justice require that the men who control the United States Steel Corporation, the Sole Leather Trust, the Lead Trust, the chemicals and the fibrous matter of your manu-



factures, should sell their products to you at the same prices for which they sell them in European countries and allow you to compete fairly with the foreigner rather than to give him the unfair advantage of lower cost of raw material? The trusts are simply discriminating against their home manufacturers whenever they sell their products abroad at lower prices than they sell them at home. How can you compete in the markets of China and the East or in the markets of South America with the manufacturers of Great Britain and Germany when they build their plants from untaxed lumber, dye their clothes with untaxed dyes, create their steam from untaxed coal, make their hardware and tools from untaxed pig iron, and make their cloth from untaxed wool?

Duties imposed upon raw materials restrict your choice of materials and therefore injure you in adjusting your manufacturing to the demands of foreign markets. To be successful you need free scope in your choice. Again, a tax on coal means a tax on steam and indirectly a tax on iron, since it takes a considerable amount of coal to make a ton of iron. A tax on iron means a tax on machinery, railways, buildings, and tools; and the effect of all these multiple taxes measured in the finished products and of the profits upon them at each stage can only be imagined, they cannot be measured. You will understand what I mean by raw material. In strict sense there is no

such thing as raw material. The finished product of one producer is the raw material of the other, and the greater number of hands through which it passes the more costly it becomes to you. The tax accumulates in the successive stages, and each person through whose hands it goes takes his profits on its value increased by the duty. By the time it reaches you it has become so high that both you and your laborers must suffer by the decreased profits that come from costly raw material. All the manufacturing countries of Europe depending to any extent upon exporting have recognized the wisdom of putting raw materials upon the free list. In Germany's recent tariff you will find the raw materials about which I have spoken on the free list, and competition with her exporters, or competition in their own markets cannot be carried on by our people unless we also recognize that the raw materials of manufacturing ought to be obtained as cheaply as possible.

The ablest of our own manufacturers and of the manufacturers abroad appreciate this principle. Let me give you a few illustrations. John B. Sargent, of New Haven, is the head of a firm carrying on one of the largest manufactories of hardware in the world. Probably no man connected with manufacturing in our country has traveled more widely or studied economic questions more carefully than Mr. Sargent. Speaking of the matter of cheap raw materials in

1894, he said: "We export to Australian, South African, and South American countries, as well as to our nearer neighbors, any goods that we manufacture in good quantities *in which labor is a large element of cost and protected materials a small element of cost*. For instance, we supply those countries quite largely, certainly averaging fully half they use, with carpenters' tools of good quality and finish, such as polished chisels of all styles, auger and auger bits and other boring tools; with iron planes, drawing knives, etc.; with nearly all the axes they use; all carpenters' hammers; machinists' hammers, blacksmiths' fine finished hand hammers, etc., the forging and finish of which is a large proportion of the cost and the tariff-taxed steel a small part of the cost. But we cannot export a sledge hammer, nor an anvil, nor a heavy iron chain. And what is worse, by not being able to furnish the coarsely made and heavy goods, we thereby fail in many cases to secure orders for the higher grade goods. . . . We supply Australian countries with nearly all their better grade of stoves with smooth castings and well finished with nickel plated trimmings, but they all get their coarsely cast and heavy stoves with little finish from England."

Mr. Sargent goes on to enumerate many other articles requiring highly skilled and highly paid labor but small amounts of steel and iron which are exported by his and other firms. But in all products where

much iron and steel is used they were unable to compete with foreign countries because of the high price of their raw material. Mr. Sargent says: "Our labor is really the cheapest in the world, because now, as then, it is paid more; but it produces more, so that the labor cost of production is less here than in foreign countries. Indeed, the articles which we most excel in producing are those in which the proportion of labor is comparatively large and material small, like machinery and shelf hardware; while we find it harder to compete with articles requiring less labor and more materials like anvils."

Mr. A. B. Farquhar, President of the A. B. Farquhar Company, Limited, manufacturers and exporters of agricultural machinery, York, Pennsylvania, in a letter addressed to the Ways and Means Committee of the House of Representatives in 1897, says: "Some years ago I visited a large agricultural implement factory in England at the invitation of its owner, a member of Parliament. I found plow handles and beams produced in that factory at a labor cost of more than a dollar, while similar work cost us but 10 cents in our factory in York, owing to our superior machinery and methods. So that our cheaper labor at considerably higher wages fully made up for the disadvantages at which we were put by the greater cost of raw material. I then and there told the proprietor that the trade would all come to us un-

less he improved his methods; and, to make a long story short, it has all come to us."

We impose duties amounting to about 52 per cent. upon wool, and then, to compensate for this duty and to give additional protection to the manufacturers of woollen goods, we impose a duty of about 100 per cent. upon the finished product. No other country in the world to-day, so far as I can ascertain, imposes duties upon wool. We alone of all the people are willing to confine our manufactured woollen goods to our own country by putting such a duty upon the raw material as makes it impossible for us to export in any considerable amount. Exports of manufactures of wool from the United States in the calendar year 1903 were only \$2,002,913 in value. The exports from Great Britain during the same twelve months were valued at \$123,544,847. The contrast between these two amounts affords a striking commentary on the impotence of the United States and the eminence of Great Britain in the foreign markets as the result of the pursuit of two diametrically opposite tariff policies. But this is not the worst. Our manufacturers of carpets have shown wonderful ability in conceiving beautiful designs, and our inventors have given us the best looms and other machinery for their manufacture known in the world. We do not produce carpet wools. They come largely from Australia and South America and some European and Asiatic countries. The

Dingley Law imposed 4 cents per pound on carpet wools costing less than 12 cents, and 7 cents per pound on carpet wools costing more than 12 cents. The exportation of carpets has steadily decreased since the passage of that bill.

It is said by experts that the building of a cotton mill with 100,000 spindles in the United States costs \$1,250,000; but in England, because of the cheapness of raw material, only one-half the sum. You who manufacture unbleached cloths can compete with the world because you get your raw materials free; but when you come to prints, lawns, and gingham, the contest is harder, because the dyes and other chemicals which you use are increased in price by the tariff, and you are more or less handicapped thereby in competition abroad.

We are the greatest producers of lead in the world, and the lead trust for some years has been selling its lead in London for a dollar less per hundred pounds than in New York, yet lead enters into the manufacture of glass, lamp chimneys, and many other branches of manufacturing and building. In other branches we use borax, linseed oil, white lead, and hundreds of chemicals, yet our government, by high tariffs, allows men like the late William Whiteman, of Philadelphia, and a firm in St. Louis, and another in New York, to form combinations and mulct you to the amount of at least fifty per cent, of the cost price for dye stuffs and

almost every kind of chemical used in your manufacturing.

We have in this country upwards of ten thousand flour mills in thirty leading milling states. Minnesota ranks first in the list of milling states, considerably upwards of a hundred million bushels of wheat being turned into flour in that state in a year. We are the greatest exporters of flour in the world, and but for our exports of flour, grain, and wheat we would cut a sorry figure in the exporting world. The business of manufacturing flour from wheat could be extended almost indefinitely in the state of Minnesota. Now let us see what the tariff, by imposing heavy duties on the imports of other countries, does to encourage milling. Belgium, Holland, France, and Germany have retaliated and imposed either prohibitory or excessively high duties upon the imports of our flour. For years we have paid the maximum tariff duty in France. This is not all, the cost of the miller's plant and machinery is greatly enhanced by the duties upon lumber and iron. By imposing a duty of 25 cents a bushel upon the imports of wheat we have shut out from the great flouring mills of Minnesota the vast wheat supply of Manitoba, Saskatchewan, Assiniboia, and Alberta, for the American railways cannot bring it to Minneapolis for the millers to grind because of the difficulty to trace it in bond and so obtain the rebates. The result will be that American millers by the hundreds will

eventually establish their mills in Canada unless this unreasonable duty is removed. The duty does not benefit the American farmer a farthing, for he is the greatest exporter of wheat in the world, and the duty is imposed only to allow unscrupulous demagogues to deceive him with the statement that his products are highly protected.

The Canadian Dominion extends nearly 4,000 miles along our northern border. On both sides of this line are English-speaking people who, except in Quebec, enjoy the same English Common Law and have the same traditions, history, and aspirations. Our great prosperity has come from the fact that through three million and a half square miles of territory the people of over fifty states and territories can exchange their commodities with perfect freedom and to their mutual benefit. Yet, in face of this fact, we have erected an artificial barrier to all trade with the Canadians, and that, too, to our own detriment. The Dominion of Canada has an unbroken stretch of white pine and spruce extending from the east of Labrador to the Pacific Ocean. But our great statesmen stimulate the destruction of the American forests by protection upon lumber and wood-pulp and hasten the day when the last white pine tree shall be cut and the last spruce tree be ground into wood-pulp. The industries of our New England people are languishing. Within the New England states there are no considerable deposits



of iron and no deposits of coal. Close by, in Nova Scotia and in other Canadian provinces, are vast supplies of iron and coal, of easy access from the seashore and within the radius of cheap transportation to Portland and Boston. Yet this great body of people, clamoring for free coal and free iron ore, are denied the right to procure these raw materials to facilitate their manufacturing.

After twenty-five years of free hides the Dingley Tariff imposed a duty of 15 per cent. upon cattle hides. This duty was imposed despite the protests of the boot and shoe manufacturers. Its only value is to the great meat trust which purchases its stock on the basis of meats and not of hides. In connection with this duty a duty of 20 per cent. is imposed upon imported sole leather, and these two duties not only put an increased price upon every pair of boots and shoes, but an increased price upon every piece of leather used by saddlers and manufacturers. The sole leather industry is controlled by a trust. It is understood that the promoters of this trust are connected with the cattle-slaughtering interests, and have been for some time getting control of the tanneries and leather-producing industries of the country. Our boot and shoe industry employs the most intelligent labor with the best results of any manufacturing business in the United States. This business is the best evidence which the United States presents to the world to-day of the

advantage of labor-saving machinery and of the extreme specialization or subdivision of labor. Without these duties we could manufacture the boots and shoes of the world, because we use the most efficient machinery in their manufacture. Mr. John T. Day, editor of the *Shoe and Leather Record* in England, who recently wrote an article upon the boot and shoe trade of England for a volume entitled "British Industries Under Free Trade," says that the revolution in the making of shoes was brought about by the McKay Sole-Sewer, and that the result of this invention turned every Yankee inventor's attention to shoe-making machinery as the easiest way to fame and fortune. Mr. Day says: "In a brief sketch it is impossible to enter far into detail, though much of it would be both interesting and instructive. It is enough to say that the play of circumstances brought it to pass that by 1890, or perhaps a little earlier, the factories of the Eastern states were so much better equipped than ours that the American boot manufacturer had the British market at his mercy, but he did not know it. Until about 1894 the American manufacturer held very strongly to the view that he was only able to keep his domestic market to himself by maintaining a high tariff. When it was imposed he was told that it was for the purpose of keeping out the products of the 'pauper labor of Europe.' He was quite curiously unaware that in the course of

“about thirty years he had so improved his methods  
“of manufacture that his productive labor was costing  
“him in some cases less per dozen by fifty per cent.  
“than it was costing the British shoe manufacturer for  
“the same work. And yet the American boot operative  
“was earning £3 a week, against 30s. for a similar man  
“in Leicester or Northampton. And in the case of  
“female labor the disparity was even more marked.  
“I give these figures broadly as the result of a most  
“careful personal investigation which I made in 1891  
“when I visited the United States for the express pur-  
“pose of investigating labor cost in American shoe  
“factories.” The men who by protective tariffs upon  
raw materials cripple such industries as the making  
of boots and shoes in this country know as much  
about economic science as a gorilla knows about a  
steam engine. Here is an industry which has never  
been controlled by a trust and which can supply the  
world with boots and shoes. The average price of  
labor in this industry is the highest of any industry in  
Massachusetts. The operatives are, I am told, of the  
highest average intelligence found in any industry in  
the United States. It is an exporting industry which  
cannot be aided by a protective tariff without the ex-  
istence of a trust, yet Congress imposes a duty upon  
hides and sole leather, and puts just that much more  
burden upon its ability to export its products.

The French Republic in 1892 passed a tariff with

maximum and minimum duties. The part of the tariff with maximum duties is known as the general tariff, and the part with the minimum duties is known as the conventional tariff. Upon 654 items of our exports to France maximum duties were being paid. Upon 705 articles exported to us by the French our Dingley Tariff imposed duties much higher even than the maximum duties imposed upon our exports to France. President McKinley appointed the Hon. John A. Kasson, who had previously been upon the Ways and Means Committee in the House of Representatives and who had a large acquaintance with the facts concerning our exports and imports, to negotiate a reciprocal treaty with France. The French Republic offered an average reduction of 48 per cent. on 635 items of our exports, leaving but 19 unaffected, in return for our offer of an average reduction of less than 7 per cent. on 126 items out of 705 named in the Dingley Tariff. It was estimated that this treaty would have increased our exports to France from twenty-five to thirty million dollars yearly. The most important concessions made by our country was on cotton knit goods, reduced from 64 to 51½ per cent., and on cheap imitation jewelry, reduced 5 or 10 per cent.; while French silk was admitted at 55 instead of 60 per cent. duty. Every one of your industries would have been benefited by this treaty. No rational reason can exist why the Senate did not approve it. But the bogus jewelry men made

a great cry against it, the novelty works in Providence and Attleboro appealed to Senator Aldrich, the hosiery interests of Cohoes and Amsterdam declared that they would be ruined, and the interests of the whole manufacturing country and of the whole American people were sacrificed for these petty special interests. Senator Elkins, of West Virginia, said: "I shall fight these treaties to the bitter end. They are wrong in principle and ruinous in practice. The Republican party made a mistake in suggesting reciprocity in its platform and in enacting a reciprocity law." Senator Aldrich, of Rhode Island, moved that the matter be referred to the Finance Committee, and the French treaty was never allowed even to come to a vote.

Now, let me give you one other instance in a foreign country of what free raw material will accomplish. About the last of the English duties on imports to be repealed was the sugar duty. The West India sugar plantations were owned by powerful interests in England, and the sugar duty was maintained for many years upon the plea that the West India planters produced their sugar with free labor while the Cubans and Brazilians produced theirs by slave labor, and good Englishmen had conscientious scruples about eating sugar produced by slave labor. Among our English-speaking people we must all admit that there is a heap of cant. Mr. Dooley, writing "On the French Character," represents the Frenchmen as safely settled

down in Fashoda. "In th' fr-ront dure comes th' Englishman with a coon king on ayether ar-rm that's jus' loaned him their kingdoms on a prom'ssory note, and discovers th' Fr-rinchman emargin' frim th' rooms iv th' safe. 'What ar're ye doin' here?' says th' Englishman. 'Robbin' th' naygurs,' says th' Fr-rinchman, bein' truthful as well as polite. 'Wicked man,' says th' Englishman. 'What ar-re ye doin' here?' says th' Fr-rinchman. 'Improvin' the morals iv th' inhabitants,' says th' Englishman." The free admission of sugar to the English markets had an effect upon good morals of even more importance than the suppression of the slave trade in Cuba and Brazil. France, Germany, Austria and other European countries for about twenty years prior to 1902 gave bounties to their private sugar raisers upon their exports of sugar. The result was that great quantities of sugar found its way into England and was sold at half the current price of sugar in the United States. The Englishmen improved the opportunity. Before the Corn Law was repealed the people of England consumed seventeen pounds of sugar per head, in 1890 they consumed seventy pounds per head, and the consumption grew until it was eighty-six pounds per head, compared with twenty-five pounds in France, and about sixty pounds in the United States. But that is not all. With the introduction of free sugar there was a wonderful increase in the amount of confectionery, biscuit, jam,

marmalades, and sweet drinks. Mechanical genius and enterprise turned out machinery for the making of these sweets which hitherto had been undreamt of. The cost of labor in producing a ton of cheap confectionery was about 20s., whereas in the early days it was nearly ten times that amount. England had free tin plate, and improved the opportunity which it gave her. She applied electricity as motive power in the manufacture of sugar preparations. She bought fruit in Germany, France, the United States, and all over the world, brought it to England in British steamers, made it into jam with cheap French and German sugar, and the preserves were exported back to Germany, France, and the United States. Thus out of free sugar was built up one of the greatest industries which England has to-day. The owners of English refineries of sugar had employed about 3,500 men. The new industries brought into life by cheap sugar, however, employed tens of thousands of men and created an industry involving many millions of dollars.

Permanent prosperity comes from abundance. The high prices which spring from scarcity are ever precarious, and that kind of prosperity is up to-day and down to-morrow. The natural law of free exchange and competition evolves high wages, low prices, large products, and a lessening margin of profit on each unit of product. The earth does not everywhere produce the same thing. Human impulses always have

led men freely to exchange one thing for another, and these natural impulses cannot be downed. You will buy raw material from the producers of another nation because you can profitably exchange your finished products therefor, and any government that stops you from doing this by restrictive tariffs actually takes the bread from the mouths of labor because the working of the raw material into finished products calls for increased labor. To interrupt the currents of exchange by statutes is as foolish as to stop the flow of blood in the human system by bandages. Free circulation is the only method for providing against over-production. Man with his laws never tampers with the exchange of commodities without creating more injury than he does good. Ralph Waldo Emerson well said: "The basis of political economy is non-interference. The only safe rule is to be found in self-adjustment of demand and supply. Do not legislate. Meddle, and you snap the sinews with your sumptuary laws; give no bounties; make equal laws; secure life and property, and you need give no alms. The level of the sea is not more surely kept than is the equilibrium of value in society by demand and supply; and artifice or legislation punishes itself by reactions, gluts and bankruptcies." The fluctuations in value which are so common, the deficits and surpluses which arise in our United States Treasury under the different tariff acts, the unsettled condition of business, the eternal appre-



hension of change in tariff with times of depressions and times of prosperity, all come from the attempt of legislators to change the flow of commerce by their bandages and their quack remedies. If you could wipe away the duties upon raw materials, if you could have a freer foreign trade, and then induce your legislatures to adjourn for twenty years and give you a period of security from the fear of change, such conditions would enable you to become the great exporters of the world. What is the present condition? You export a little upwards of \$400,000,000 of manufactured products yearly. About \$120,000,000 of this amount can hardly be regarded as manufactured products, because it consists of petroleum and copper but a step removed from raw material. But granting that it should be regarded as manufactured products, England exports in the neighborhood of over \$1,200,000,000 of manufactured products yearly, about three times the amount of our exports of manufactured products. Taking into account her population of 40,000,000, as against our population of 80,000,000, each Englishman manufactures for export about six times what each American does. Our present exports to China and Japan and the islands of the Pacific are insignificant. The *Seattle Star* published two or three years ago an exclusive interview with James J. Hill, from which the following utterances are taken: "As a matter of fact, we have no Oriental trade at present worth

“snapping a finger at. And we never will have until  
“we can ship over to the other side manufactured  
“products and sell them as do Germany and Great  
“Britain. All we ship now are iron and steel and raw  
“cotton—all raw commodities, and those are a mere  
“bagatelle. Let me tell you something that will give  
“you an idea of the insignificance of even these, our  
“greatest present shipping factors to the Orient—  
“while Great Britain furnishes one-half of the iron and  
“steel to the Orient, the United States furnishes but ten  
“per cent. And this in the face of the fact that we can  
“transport the material just as cheap as can England.  
“Here’s another little pin with which to prick the  
“American invasion bubble—the United States has  
“been selling less than one-half of one per cent. of its  
“factory output to all the emerging republics, islands  
“and empires of the Pacific. Our competitors even  
“beat us badly in the Philippines, where we control the  
“tariffs. There we supply only seven per cent. of its  
“imports of competitive goods, the 93 per cent. is sup-  
“plied by our great competitors in trade countries like  
“England and Germany. I had to laugh when I read  
“the magazine articles and newspaper accounts of  
“America’s trade conquests in Europe. We Americans  
“were so puffed up about it that we began to make  
“folks across the Atlantic really believe that the Amer-  
“ican invasion was a reality. We shipped over a few  
“pyrotechnical cargoes, a bunch of typewriters and

“safes, and crowded like a lot of Bantam roosters. But  
“all the time the value of our manufactures sold in  
“Europe steadily declined, until present records show  
“a drop of one hundred million dollars since 1900.  
“We must look to the Orient. That field belongs to  
“us and we should control it. To do this, we must re-  
“duce the cost of manufactured products and we must  
“change our tariff—we have outgrown the latter.”  
Our exports to South America are also insignificant,  
not one-tenth the amount they ought to be. The truth  
is we have built up a ring fence around America to  
keep out foreign imports and the same fence keeps in  
domestic products. We cannot become great exporters  
unless we become great importers. We shut out  
the raw material of the East and of South America  
and we shut in the highly finished product of American  
labor. As an example how low duties upon foreign  
importations result in greatly increased exportations,  
I will quote to you from the Hand-Book of the Union-  
ist Free Food League in England in the recent con-  
test between Mr. Chamberlain, as leader of the Con-  
servatives, and the Liberal party. On pages 8 and 9  
of this book are tables showing the movement of ex-  
ports during the periods, in which the nineteenth cen-  
tury may be divided from a point of view of fiscal  
policy, and the result is summed up in these words:  
“During the thirty years (1801-1831) of extreme re-  
“striction (of imports) exports did not expand at all,

“but fluctuated between a shrinkage of £7,000,000 and  
“a shrinkage of £5,000,000. During the ten years  
“(1831-1841) of relaxation exports expanded by  
“£15,000,000, an average of £1,500,000 a year. Dur-  
“ing the ten years of larger relaxation (1841-1851)  
“exports expanded by £22,000,000, an average of  
“£2,200,000 a year. During the 51 years (1851-1902)  
“after complete freedom exports have expanded by  
“£209,000,000, an average of £4,098,000 a year. This  
“is conclusive proof that unrestricted importation, in-  
“stead of injuring export trade, is a powerful and cer-  
“tain means of promoting it.” We ought to be ex-  
porting at least five times the amount of manufactured  
products which we are, and with free ships, free  
commerce, and free raw material we would be export-  
ing that to-day. The freedom of exchange between  
our several states, rather than the tariff, has resulted  
in giving us upwards of eighty millions of the best-  
paying consumers in the world for our manufactured  
products, and with such a home market reasonably se-  
cured to us we ought to enlarge that market to a  
world market. A country as great as ours, with gi-  
gantic natural resources, with free commerce and effi-  
cient labor, can actually absorb to itself a consider-  
able part of the commerce of the world. The policy  
of high protection which we have pursued for forty  
years, if adhered to, will ultimately strangle itself.  
Our resources are so great, our energy so resistless,

that we will burst the bonds that bind us. The domestic market no longer suffices. The foreign market must be entered, and from the very fact of our immense resources and of our efficient use of machinery our exports must greatly expand. No other people in the world have such resources. No other people in the world are capable of making so much of them. An increase in the exports of manufactured articles is an absolute necessity. A million immigrants come to us every year. Our population is rapidly increasing. The free admission of raw material is the safety valve of labor. Starving men do not reason. By and by they will appreciate the oppression which the trust prices bring to them, and eventually they will rise and destroy monopoly. Such risings show little mercy to the institutions against which they are directed or to the individuals whose fortunes are bound up with them, and you must not complain, if you do not yourselves remedy this evil, should scant mercy be shown you when the day of reckoning arrives.

Again, the protective tariff in this country is simply driving your manufactories to foreign countries where they can get cheaper raw materials and avoid retaliatory tariffs. The Singer Machine Company has established itself at Kilbowie in England, the Babcock and Wilcox Company at Renfrew in the same country, the Westinghouse Company has established an enor-

mous plant in the Manchester district, the Chicago American Tool Company has built a plant at Frazerburg, near Aberdeen, the Western Electric Company of Chicago is interested in extensive factories in London, Paris, Antwerp, and Berlin. The General Electric Company has recently constructed a large new factory at Rugby in England. The Hoe Company is making printing presses in London, where also the American Linotype is making machinery. The Draper Company has built a factory in Lancashire. The American Locomotive Company has recently acquired control of the new works directed by the Montreal Locomotive and Machine Company, with the intention of executing its orders for locomotives in Canada. The Bullock Electric Works of Cincinnati have established branches in Canada which are said to have captured the works at Lachine. We read in the *Iron Age* of recent date that Canadian cities are selecting as a new officer of the municipality a business agent whose concern it is to facilitate the settlement of American manufactories in different parts of Canada. Louis XIV, by the Edict of Nantes, drove out of France tens of thousands of Huguenot weavers, and they fled to England and laid the foundation of modern English industries. Philip II of Spain drove tens of thousands of Flemish weavers from the Netherlands, and they, too, found an asylum in England and helped to lay the foundations of her vast industrial system. Our pro-

protective tariff which attempts to control by law the industries of this country is no less oppressive than the edict of Louis XIV or the tyranny of Philip II, and if it succeeds in driving our great industries into freer markets where they can purchase their raw material reasonably, posterity will pass the same judgment upon us that it has passed upon the despotic government of Louis XIV and Philip II.

The United States Steel Corporation controls a large part of the iron ore deposits of the Lake Superior Region. Its chain of control over the product from the time it is dug out of the ground until it reaches you as your raw material is complete. The steam shovels that lift the ore, the cars, the railroads themselves, the lake steamers, the docks, the smelters and converters, the rolling mills and the steel works, are theirs. They pay no middleman's profits, and with a good profit they can furnish you your raw material for tools and machinery and ships and railways more cheaply than any other like corporation in the world. In "British Industries," a volume recently edited by Professor W. J. Ashley, Mr. J. S. Jeans, the Secretary of the British Iron Trade Association, says of the English iron manufacturers: "There is no obvious reason why, if we are to make iron at all, we should not make it under the best and most economical conditions possible to us. We could hardly lose anything if we raised the productiveness of our plants, reduced the number of

“hands employed for a given output of iron and steel, “and got a larger annual production per yield of capital invested. *I cannot justify the British pig-iron makers in only getting an average annual output of about 25,000 tons per furnace, while the Americans average is 61,000 tons and the average of the bituminous furnaces is only about 79,000 tons. As with blast furnaces, so with Bessemer converters and open-hearth furnaces. The American efficiency is much larger than our own.*” Now, it is conceded by our competitors that we can make pig iron and steel cheaper than they can, yet the trust is protected against the competition of England in iron and steel on an average of about 45 per cent., and you are charged for the raw materials of your machine shops a price increased by nearly the amount of the duty. Is this justice? Should the United States Steel Corporation continue to extort money from thousands of manufacturers dependent upon its product for raw material? They may be a balance-wheel holding the market steady, but how can you explain the violent fluctuations in pig iron during the last four years if this be so? A balance-wheel which insures systematic injustice is one, I submit, which should be smashed. Our great copper companies handle their copper in the same manner; they have the greatest supplies known in the world, and they can furnish you the copper which you use in your electrical works more cheaply than it can be furnished



elsewhere. The same is true of nickel ore, lead, and every other element of your manufacture, and yet you are paying all these corporations an increased price for your raw materials, and attempting under these conditions to compete with your foreign rivals. How long are you going to submit to this? Our ancestors fought a seven years' war from Lexington to Yorktown to vindicate a principle no less sacred than your right to purchase your raw material of your own countrymen at a reasonable price. You know how to organize and how to enforce your rights. The millions of American farmers, the millions of workingmen, and the millions of retired and professional men have not the same capacity for organization and redress of their like grievances of high-priced necessities of life. But if the great body of smaller manufacturers should unite and demand justice from the oppression of the larger ones who control the raw material, there is reason to believe that a hearing could be procured and a remedy applied. Again I submit to your consideration that the industries of our country are based upon provisions of the statute law, and that any industry which depends upon the legislature for success is in a perilous condition. You know the men who represent your districts in Congress, and as a rule they are politicians. They give little attention to the study of those principles which underlie economy as applied to industrial matters, yet upon their judgment and their laws are

based to quite an extent the welfare of the manufacturer. Is it wise to confer such a power on any legislature? Do you feel safe with your interests depending to such an extent upon legislation? Have you confidence in the business capacity of the men who shape our laws? Do you not see that frequent changes are dangerous? Do you believe that government can superintend private business without being corrupted? You must know that the pretensions and usurpations of politicians have grown to such an extent as to endanger every business, that private industries in their hands will be no more than a football for political reward or private advantage. How many politicians have you known that you would entrust with the conduct of your business, and if not, how do you expect them to exercise business capacity when they attempt to control private affairs by law? In 1888 these politicians said, "Leave the Mills Bill alone as it is; it is better for the elections." To-day they say, "Leave the Dingley Bill as it is until after election." What do you think of a condition where the business interests of the country depend upon the result of elections? The institution of slavery itself did not do more to degrade and corrupt this country than has our recognition of the right of political parties to control by law our industries. Every department in life from Congress to State Legislatures, from State Legislatures to municipalities, from municipalities to trades unions,

and from the trades unions down to the newsboy at the street corner, is demoralized by the alliance between government and private business and by the desire of many men to get special advantages for classes or localities at the expense of the public. This system has encouraged and promoted corruption as the institution of slavery never did and as no other institution in this country has ever done, and no one knows this better than you, who, I fear, have had more or less to do with it. Mr. F. W. Cheney, of Cheney Brothers, silk manufacturers, at South Manchester, Connecticut, in his testimony before the Industrial Commission, said of the scramble for legislation whenever a new tariff is made: "You know how it stirs up all the selfishness there is in humanity and what a grabbing game it is." Protective tariffs are not made by Congress, they are not dictated by you smaller manufacturers. They are dictated by the great moneyed interests connected with vast corporations who monopolize more than half the industries of the country. In the process legislators are corrupted, society is debauched, honor is soiled, and self-respect is lost.

Finally, let me call to your attention that there is in the progress of civilization a time at which exclusive privileges must be relaxed or the possessors must perish along with them. That time has come in American industry. To you who read the chapters in this volume on "How England got Free Trade" and on

"the German Tariff" it is unnecessary to tell you what I mean. We have reached the same point that existed in England at the time of the repeal of the Corn Laws. Our manufacturing interests have passed the point where they supply their own people, and they must have markets abroad. They cannot continue to sell their products at one price at home and at a lower price to foreigners. We are all willing to submit to taxation for the support of government, but we will never continue to submit to taxation by private corporations for the benefit of foreigners. To attempt under such circumstances to continue exclusive privileges is the very height of rashness. You already hear the wail of agony from New England. You know the attitude of the farmers of Iowa. A time of depression will array the great mass of the people against such a condition. A time when laboring men are hungry and without a job will result in riot and almost in revolution. We cannot live as a nation without justice to the people in every part of the land. We cannot afford to array New England against the rest of the country by depriving her manufacturers of a chance to live and thrive; much more, you cannot afford to array the great body of consumers against you because you are the possessors of special privileges which give you the right to take an undue amount of their hard-earned money. Gladstone, in 1881, speaking to an English audience, said: "As long as Amer-

ica adheres to the protective system your commercial primacy is secured. Nothing in the world can wrest it from you while America continues to fetter her own strong hands and arms, and with these fettered arms is content to compete with you who are free in neutral markets. As long as America follows the doctrine of protection, or as long as America follows the doctrines now known as fair trade, you are perfectly safe, and you need not allow, any of you, even your lightest slumbers to be disturbed by the fear that America will take from you your commercial primacy." All history teaches the truth of Mr. Gladstone's words. Fettered trade is never progressive trade. Look to Ghent, Bruges, and the other early Flemish cities, and see how municipal freedom gave life to their manufactures. Look at England since the repeal of her duties in the forties, and see how wondrously her commerce has expanded, while the liberty of the citizen is protected with a care almost unknown in the rest of the world. Liberty is the soul of industry, and without it industry and commerce will shrivel and decay.

## CHAPTER VI

### A TALK WITH LABORERS

YOU are often told by politicians that the high price of your day's wage, the demand for your labor, and your general well-being, all depend directly upon the continuance of a high protective tariff. This is not true, as you can readily see, by considering the following facts.

The first contention is that, because of the protective tariff and the increased price which it allows manufacturers to charge for their goods, you are receiving higher wages than the laborers making competing goods in Europe. In short, the argument is that protective tariffs mean high wages. They do not mean high wages, and duties are not imposed with the idea of covering the difference between wages of workmen in Europe and in our own country. You are paid high wages because your work in the factory by the use of machinery is much more effective than the work of foreign operatives where less machinery is used. It was in the Presidential campaign of 1840 that the contention that you were competing with pauper labor was first set forth. At that time manufacturing in

this country as well as abroad was largely by hand labor. Since that time the invention of labor-saving machinery has simply revolutionized the cost of manufacturing, and to-day, in proportion to the product of your day's labor, you receive the lowest wage in the world. This has been recognized by many eminent men who have investigated the matter. Mr. Hill, formerly statistician of the State Department at Washington, when before the Tariff Commission, appointed in 1882 to determine whether duties upon foreign imports should be reduced, said to the commission that according to the reports of American Consuls in Great Britain in that very year our 5,250,000 workmen produced double what she did with 5,140,000 workmen. In 1878 William M. Evarts, then Secretary of State, through American consuls in different parts of the world, collected the facts as to the amount of production and cost of labor in Continental countries, and summarized those reports in the following language: "The average American workman performs from once and a half to twice as much work in a given time as the average European workman." Mr. Blaine, upon information from American consuls when he was Secretary of State in 1881, said: "Undoubtedly the inequalities of wages of English and American operatives are more than equalized by the greater efficiency of the latter and their longer hours of labor." Andrew Carnegie said a few years ago: "It is not the

lowest, but the highest paid labor, with scientific management and machinery, which gives cheapest products. Some of the important staple articles made in Britain, Germany and America are produced cheapest in the last, with labor paid double." United States Senator Beveridge, of Indiana, in his recent book entitled "The Russian Advance," speaking of the wages of the operatives in Russian factories, says: "But low as these wages appear, yet, in comparison with the same American labor, these common workingmen and women of Russia may truthfully be said to be overpaid. Their wages are less than the wages of American workingmen, their working ability is still smaller. One cannot believe either that the Russian workingman or woman for a long time will be as efficient as the American workingman or woman." Mr. A. Maurice Low, a thoroughgoing protectionist, in his recent book published in London, entitled, "Protection in the United States" says: "We have the authority of all competent observers in America that one of the reasons to explain the secret of American prosperity is the great productive power of the American workingman, his output being so much larger than those of his foreign competitor that the cost of the American product is less than that of any other workman; and it has also been demonstrated that wages and labor cost bear not the relation that is ordinarily supposed; that is it is not true that low wages are an indication of low labor cost, but rath-



er the reverse, the low-priced workman being usually an unintelligent and unskilled worker and unable to compete with the high-priced worker of greater intelligence and skill." Mr. Arthur Shadwell, who gives us in his recent work, "Industrial Efficiency," his conclusions from personal examination and investigation of the conditions of labor and the price of labor in the factories of Germany, Great Britain, and the United States, says, in criticizing the report of the Moseley Commission to this country representing the trades unions of Great Britain, "I still maintain that workmen do work harder and very much harder in America, not in every case, but taken all around. It is not a conclusion derived from a limited observation only, but rests upon the unanimous evidence of the most unimpeachable witnesses, corroborated by observation. American factories and workshops swarm with English workmen, foremen and managers. I have talked with many of them in different trades and different localities, and they have all said the same thing." The citations above are from the words of protectionist writers and speakers, with the exception of Mr. Shadwell, about whose opinions as to protection and free trade his book makes no disclosure. You will see that they all agree that the reason of the higher wage in America is the fact that you use efficient machinery to manufacture, and that the product of your labor is greater than the product of foreign labor. It means nothing to say that

laborers in the United States are paid \$25 a week and in Germany \$15 a week since both countries impose tariffs upon foreign imports. The question to ask always is how much does the American produce with machines in a single day and how much does the German produce; then, finding out the product of each day's labor, you can determine the difference in the earning capacity of the men. Suppose you are employed in the manufacture of chairs, and instead of being paid so much money for each day's work, your employer gives you one chair for each five you make. If you make five chairs, you are entitled to one chair for your day's labor; if you make twenty chairs per day, you are entitled to four chairs for your day's work. Now, you are paid money for the day's labor because you cannot market your chairs so easily as the manufacturer who makes thousands of them. The money is only a medium of measuring the number of chairs which you have earned and in the place of which you have taken money. Your day's wage depends entirely upon the amount of the product of the day's work, and if by the use of labor-saving machines you can make a hundred chairs instead of twenty in a day, the amount paid for your labor should be increased. Assuming that the foreign laborer makes his chairs by hand labor and you yours by the employment of machinery at every step in the manufacture, and that the product of your day's labor is a

hundred chairs to his two, three or five, you are paid the higher wage because the product of your labor is so much greater that your employer can afford to pay you more because the cost of his product measured by the unit of production is much lower than that of his competitor. What is true of making chairs is true in hundreds of lines of manufacturing in which you are engaged. Mr. Leroy-Beaulieu, the eminent French writer, in his recent work on the "United States in the Twentieth Century," taking our census of 1900 and official reports in England as a foundation for his statement, says: "Absolutely as well as relatively the "number of people in Great Britain engaged in industry is much higher than the number of people so "engaged in the United States although the value of "the goods manufactured by the former is not much "more than half that of the goods made by the latter. ". . . It can be explained only on the assumption that "the American workingman works harder than the "workingman of other countries, or that he receives "more efficacious assistance from machinery, or that "both these conditions prevail. . . . We are perfectly "justified in concluding from them that the work of an "American workman is, on the average, more productive than that of the British workman and than "that of any other workman in the world." You who are employed in factories must have observed that your employers are multiplying their machines and drop-

ping men from their employment. One man now attends to many more machines than he did a few years ago, and the improved machines are much more efficient in the amount of production.

Again, you are told that all our prosperity is due to the protective system, that the general range of your wages is created by the protective tariff, and your attention in that connection is frequently called to the pauper labor of other countries. The statement is plausible, and it has deceived many a laboring man, but it is absolutely without foundation. The people of Great Britain for at least the last forty years have carried on their industries under a complete absence of protective tariffs. In 1879 the German Empire established protective duties, with the intent of restricting foreign competition. The policy of protection has prevailed in France for centuries. Now let us see the prevailing rate of wages in each country. The Board of Trade in England has recently made a very thorough examination with reference to the amount of wages paid to workmen in a certain number of trades in that country and the weekly wage of laborers in the same trades in Germany and France. I have placed below the table as it is produced by the English Board of Trade in the weekly wage of shillings and pence in that country. You will see by examining this table that the price of labor in skilled trades in the United Kingdom of Great Britain is nearly twice that of Germany and much higher than it is in France:

# COMPARISON OF RATES OF WAGES IN SKILLED TRADES IN THE UNITED KINGDOM, GERMANY, AND FRANCE

	United Kingdom	Germany	France
(A) Number of quotations of rates of wages on which the following results are based .....	470	184	248
(B) Mean weekly rates for 15 skilled trades .....	s. d.	s. d.	s. d.
I. Capital cities .....	42 0	24 0	36 0
II. Other cities and towns.....	36 0	22 6	22 10
(C) Percentage comparison (United Kingdom=100)			
I. Capital cities .....	100	57	86
II. Other cities and towns.....	100	63	63

Sir John Brunner, a member of the English House of Commons and at the head of one of the great English shipbuilding firms, in a letter to the *London Times* of July 14, 1903, based on actual examination of wages in Great Britain and European countries, says: "The average daily wage paid to the workmen employed in the alkali trade is:

In Germany.....	78 per cent. of the English rate		
In France.....	77	"	"
In Austria.....	56	"	"
In Hungary.....	43	"	"

"To earn these wages in Germany, in France, in Austria, and in Hungary, the men have to work twelve hours a day, whilst in England the men work only eight hours a day. We give our men a week's holiday annually without stoppage of pay. The German, therefore, has to work 52 weeks twelve hours a day to get 78 per cent. of the wage of the Englishmen, working

51 weeks eight hours a day ; and the others get less in the proportion shown." Mr. Shadwell in his recent work on "Industrial Efficiency in Great Britain, Germany, and the United States," after a most exhaustive examination, has arrived at the average daily wage of unskilled labor in the three countries in the following figures :

England  
3s. to 4s.

Germany  
2s. 6d. to 3s.

U. S. A.  
3s. to 7s.

The protectionist argues to you as follows: "The United States has protection, the people of the United States pay high wages for labor ; England has free trade, the employers in England pay lower wages for labor than in the United States ; therefore protection produces high wages, and free trade produces low wages." Let us continue this logic. France and Germany each have a protective system of tariffs ; the employers in France and Germany each pay low wages. England has free trade, and the employers of England, compared with those of France and Germany, pay high wages ; therefore free trade makes high wages. Now you see it and now you don't see it. What do you think of the argument that our protective tariff system in and of itself produces high wages ? Let us go a little farther. From its early history until a recent date the importation of foreign imports into New South Wales has been without protective duties.

Recently New South Wales has become a part of the Australian Confederation, and comparatively low duties are imposed upon foreign imports to the Confederation. Before the Confederation, however, the colony of Victoria, separated only from New South Wales by the Murray River, imposed high duties upon foreign imports. Now we have for comparison two countries lying side by side of about the same density of population and under similar circumstances in every respect, one having the protective system and the other the free-trade system. Now let us see what the prices of labor were in these adjoining colonies under these different systems. Mr. C. H. Chomley, in a recent book entitled "Protection in Canada and Australasia," sets forth the following table for daily wages for Sydney, the capital of New South Wales, and Melbourne, the capital of Victoria, during the period of 1892-1896, when both colonies were suffering from depression, and before Victoria had reduced her most oppressive duties:

	Melbourne	Sydney
	s. d.	s. d.
Carpenters .....	7 5	8 11
Bricklayers .....	7 6	9 8
Masons .....	8 6	8 11
Plasterers .....	7 8	8 6
Painters .....	6 8	8 0
Blacksmiths .....	10 0	8 6
Boilermakers .....	10 6	9 0
Navvies .....	6 0	6 0

You will observe that I first compared wages in

Great Britain, an old country and densely populated, with Germany and France, also old countries and densely populated. Now the industrial conditions of Belgium in many respects resemble those of England. Belgium is densely populated, having 589 persons to the square mile, as compared with 558 in England and Wales. Both are manufacturing countries, but Belgium has a moderate protective tariff, and the price of labor in Belgium is considerably lower and the hours of labor longer than in Great Britain. In Hungary, like Germany and France, high protective tariffs prevail, and if protective tariffs produced high wages we would expect to find them in Hungary, yet more than one-half of the factory operatives, 53 per cent., earn less than \$3 per week of our money, and about one-third of the remainder earn less than \$2.12 per week.

But, coming to our own country, you will find arguments showing still more clearly that the protective tariff system is not entitled to any credit for the price of labor in the United States. If the price of labor depended solely upon the tariff, it would operate alike upon laborers in all parts of the United States. Now the fact is that the operatives in our Southern cotton factories are receiving an average lower wage than the operatives in either the English or New England cotton factories. If the protective tariff establishes a high price for labor, how is it to be explained that



ready-made clothing paying the very highest duty required by the tariff is manufactured by the cheapest labor in the sweat-shops of our great cities? Our labor is essentially cheap, though the price is high because we employ either efficient labor or employ ordinary labor assisted by highly developed machinery, and because of the superior natural resources of the country and the better methods of manufacture. Another evidence that it is not the protective tariff which establishes our prevailing high prices for labor is found in the fact that the highest priced labor in our country prevails among masons, carpenters, and joiners, plumbers, plasterers, painters, compositors, and other trades upon which the tariff has no effect whatever.

You will also observe that necessarily the protective tariff can only affect directly the price of wages in those employments where European products come in competition with the home product and where protective duties are imposed upon the foreign product to restrict the competition. Our protective tariffs are imposed upon cotton goods, woolen goods, glassware, pottery, iron, steel, chemicals, cement and a few other products. In the manufactories of these products machinery is used to an extent unknown in other production in this country, and the result is that not over ten per cent. of the men employed in labor in this country are actually engaged in manufacturing products protected by tariffs. In 1886, at the request of the

United States Secretary of State, Daniel Manning, three statisticians and economists of high standing, working by different methods and conducting their investigations independently, agreed in the estimate that at the outside the proportion of workers employed in skilled manufactories which were protected by the tariff did not exceed six or seven per cent. The late Edward Atkinson, of Boston, who, more thoroughly probably than any other American, investigated the subject of wages in our country, prepared in his book, entitled "Facts and Figures," published in 1904, elaborate tables showing the number of men engaged in the different occupations of life in this country in that year, the product of whose labor had no connection whatever with the imports of manufactured products from abroad and who in no direct way received any benefits from the tariff. He also prepared a table showing the industries protected by the tariff and the number of operatives engaged in those industries, and his conclusions in his own language are as follows: "I think it will prove impossible for any sincere student of the subject to designate one million persons out of the twenty-nine million now occupied for gain whose industry would be seriously or adversely affected, even if all duties on all foreign imports of like kind were at once removed. Twenty-five million are engaged in arts necessary to the existence of society and which can neither be promoted nor retarded by

duties on imports, except so far as the cost of their living is increased by an ill-adjusted or injudicious system of taxation."

Again, assuming that you are an operative in a factory manufacturing goods protected by the tariff, you would expect to find that the rise in your wages during the last ten years would have been more rapid under the McKinley Tariff, which was enacted in 1890, and the Dingley Tariff enacted in 1897, since the duties imposed by those tariffs were much higher than the duties of any other preceding tariff. The duties prevailing between the years 1883 and 1890 in this country on dutiable imports were only about 41.6 per cent.; under the McKinley Bill they were upwards of 50 per cent., under the Wilson Bill they were about 42 per cent., and under the Dingley Bill they have averaged in the neighborhood of 50 per cent. upon dutiable imports. Now the inquiry is, have your wages increased more rapidly under the tariff existing under the McKinley Bill and the Dingley Bill than under the lower tariff duties existing from 1885 to 1890? Following you will find a table prepared from the publications of the American Commissioner of Labor tracing the course of average wages in 67 groups of labor from 1885 until 1901 in periods showing the price under these four different tariffs, the tariff of 1883, the McKinley Tariff of 1890, the Wilson Tariff of 1894, and the Dingley Tariff of 1897 to 1901.

## WAGES PER DAY IN DOLLARS

Occupation	1885-9	1891-3	1895-6	1897-1901
Bakers .....	2.17	1.57	2.39	2.17
Balers (textiles) .....	1.04	1.17	1.36	1.02
Blacksmiths .....	2.20	2.30	2.20	2.16
Bleachers (textiles) .....	1.67	....	1.31	....
Body makers (carriages and wagons) .....	2.64	1.88	2.05	....
Boiler makers .....	2.28	2.29	2.30	2.28
Brakesmen (railroads) .....	1.78	2.42	2.18	1.84
Brass finishers .....	2.48	2.13	3.00	2.75
Brass moulders .....	2.67	2.56	1.69	1.78
Brewers .....	3.19	3.05	2.37	2.45
Bricklayers .....	4.00	4.00	4.00	3.53
Brickmakers .....	1.87	1.76	1.60	1.42
Cabinet makers .....	2.28	2.24	2.98	2.38
Carders (textiles) .....	1.20	1.09	0.95	....
Carpenters and joiners .....	2.31	2.26	2.20	2.42
Clerks .....	2.49	2.27	1.75	1.74
Compositors .....	2.67	2.73	2.45	2.63
Coopers .....	2.79	2.75	1.83	1.42
Cutters (clothing) .....	3.18	2.90	3.25	2.76
Cutters (glass) .....	2.00	2.00	2.17	2.83
Dressmakers .....	1.63	1.47	1.45	1.17
Dressers (textiles) .....	1.98	2.41	2.09	....
Dyers (textile) .....	1.50	1.50	1.27	1.69
Finishers (textile) .....	1.20	1.18	1.30	1.17
Finishers (boots and shoes) .....	2.00	....	3.11	3.15
Founders (iron) .....	....	2.08	2.07	....
Furnace men (foundry and machinery shops) .....	1.73	1.73	1.75	....
Furriers .....	3.38	2.02	2.06	2.19
Gasmakers .....	1.65	1.86	1.73	1.60
Glass blowers (bottles) .....	5.15	5.15	....	3.97
Glass blowers (window glass) .....	5.00	5.00	....	4.00
Glaziers .....	2.51	1.64	1.96	2.36
Glove makers .....	1.33	0.71	1.17	....
Grinders (foundry and machinery shops) .....	2.44	1.70	3.11	2.05
Grinders (tools) .....	2.25	2.19	1.99	....
Harness and saddle makers .....	1.39	0.73	2.25	....
Iron workers .....	2.24	1.85	2.53	2.75
Jewelers .....	2.27	1.92	2.51	....
Joiners .....	1.94	1.48	2.25	....
Lasters (boots and shoes) .....	2.34	2.01	2.24	1.80
Machinists .....	2.16	2.07	2.05	1.78
Masons .....	3.25	2.96	4.00	3.36
Millers (flour) .....	2.55	1.97	2.13	1.98

WAGES PER DAY IN DOLLARS.—*Continued*

Occupation	1885-9	1891-3	1895-6	1897-1901
Miners (coal) .....	2.69	1.91	....	1.82
Painters .....	3.50	3.41	3.50	3.04
Paper makers .....	1.50	1.72	3.00	....
Piecers (textiles) .....	0.98	0.90	0.68	....
Plasterers .....	4.00	3.59	4.00	3.22
Plumbers .....	3.50	3.50	3.74	3.19
Puddlers .....	3.47	3.29	4.50	2.92
Quarrymen .....	2.31	1.99	1.63	....
Riveters .....	1.35	1.44	1.75	....
Rope makers .....	1.58	1.40	1.08	....
Sailmakers .....	2.71	2.50	2.50	3.00
Ship carpenters .....	2.84	2.75	....	3.25
Shoemakers .....	2.28	1.79	2.00	1.94
Spinners (cotton) .....	1.74	1.11	1.50	1.79
Stereotypers .....	3.00	2.67	2.70	3.42
Tanners .....	1.92	1.67	1.68	....
Tinsmiths .....	3.25	2.50	2.44	....
Upholsterers .....	3.00	2.02	2.66	1.82
Weavers (cotton) .....	1.23	1.02	1.36	....
Weavers (silk) .....	2.42	2.29	1.89	1.86
Weavers (wool) .....	1.57	1.35	1.57	1.39
Wheelwrights .....	2.77	2.50	2.75	....
Winders (textiles) .....	1.28	0.97	1.11	1.12
Woolsorters .....	2.73	1.25	2.09	....

An examination of these sixty-seven groups shows one thing at least clearly—that there has been no general upward movement of wages. In only some eight cases is the last average wage higher than in any of the preceding periods; and, on the other hand, in thirty-six cases the average for the period 1897-1901 was lower than the average of some one of the earlier periods. The average for the five years 1897-1901 is lower in thirty-one groups out of forty-six for which the figures are given above than the average for the five years 1885-1889; that is, in those industries wages

were less than in the years before the United States entered upon its ultra-Protectionist policy.

We tabulate these results thus :

Total number of groups.....	67
Number in which the wages for the last period (1897-1901) are given.....	46
Number in which wages were highest in the last period.....	8
Number in which wages in the last period are below the average of the first period (1885-9).....	31

That is to say, that in two cases out of three, wages are actually lower in the last five years' period than in the period before the McKinley Tariff. The Board of Trade in England, taking the same occupations in the same years, and ascertaining the wages in those same occupations, find that, while between 1885 and 1898, and 1897 and 1900, there was according to the above figures a rise in the wages of American workmen of only 5.5 per cent., the wages of English workmen in the same employment and during the same time rose over 13 per cent.

Protectionist writers and speakers will tell you, however, that the tariff keeps out the foreigner's goods, and therefore gives you just so much more work to do. They will tell you that to the full extent of the exclusion of imported goods our manufacturers will produce like goods, and therefore have more work for the laborer. A more deceptive statement in its nature cannot be found. A country can obtain any commodities which it needs in one of two ways; either by

producing them directly or by producing something else and exchanging that for the products of other people. It therefore follows that the exclusion of foreign goods cannot materially increase the demand for labor in the importing country, since, in case the foreign goods come in, you must produce another product to pay in exchange for them. You would manufacture the goods used to pay for the goods now shut out but which would be imported under lower duties, so that the number of your day's work would not be less. Exchange of goods is not made between the United States as a nation and a foreign country as a nation, but between the people of the two countries. Men never exchange their products unless both parties believe that they are benefited by the transaction. We trade our goods, not for the money of other people, but for the goods that other people can make cheaper than we can make them, and when we import we pay in the end for the imports, not money, but other goods. In the days before the Civil War the heads of the household were in the habit of making their own clothing, and many men cobbled their own footwear and made their own furniture. Why do we now buy our clothing and our shoes? Simply because we can make something else with less work and dispose of it advantageously in exchange for these commodities. To-day economy in production depends upon the division of labor. One man does a single kind of work con-

tinuously in each process of manufacturing. Now, it is exactly the same when one country manufactures its specialty and exchanges it for the specialties of other countries. The German excels in the manufacture of chemicals because the chemical companies of Germany expend a large amount of money in the employment of German chemists to make and utilize discoveries in chemistry. The English excel in the manufacture of cotton because of certain conditions of their climate favorable to the manufacture of the higher priced cotton prints, while the French excel in the manufacture of fine dress goods because of long experience in that line. We in the United States excel in the manufacture of boots and shoes, of iron and steel, of furniture, of tools and hardware, and in many other lines. So you see that each country specializes, just as the manufacturer in our shops specializes by a species of subdivision of labor. When we import chemicals from Germany and export our special staples in payment to Germany, we are applying to transactions between the people of the two nations the same principle which the farmer who made his necessities before the war employs in swapping his products for necessities now. When different people exchange with each other those specialties in which they excel, the result is a saving of time and money to both parties in the transaction. Let me give you an illustration: the Chinaman uses cheap cotton drills



for clothing, and it would take a month to make sufficient cotton cloth for a suit of clothes upon one of their antiquated looms, but the amount of labor which they expend in growing a quantity of tea is probably only one-thirtieth of the amount which would be required in growing the same amount of tea in this country. Now we can make a sufficient amount of cloth for the suit of a Chinaman in our Southern factories with one-thirtieth the amount of labor required by the Chinaman to make the cloth. Will it not pay us both to exchange cotton cloth for tea? Trade between the people of different nations is good in its inmost nature and results. It always was good, and it always will be good. It has been the cause of every advance of civilization the world over. Government never trades; what it does is to interrupt and forbid trade for the benefit of special interests. Our government, by such laws as the Dingley Tariff, may limit and lessen and mangle trade, but it is beyond its power to really foster or upbuild it. Different countries have different climates and different conditions for the development of manufacture, so that trade between different peoples is economical and sometimes absolutely necessary. Bleaching has always been an important part of the linen industry, and, owing to the admitted superiority of the Irish bleach, a considerable quantity of linen is sent from Belgium, France and Germany to be bleached in Ireland and returned

to those countries for sale. The excellence of the Irish bleach is due to its humid temperate climate. The people of Ireland import flax from other countries. The flax is spun in Ireland into yarn and sold back to France and Belgium. In the latter countries it is woven into linen, which is sent back to Ireland to be bleached and finished, and then it goes back again to the countries whence it came. Free trade between countries is the right principle, because it gives each country the command of the world's products so that it can specialize in those lines for which it is best suited and exchange them for the products which it is least able to produce. The protectionists tell you, however, that we pay for foreign goods in money. I tell you that we scarcely ever pay for foreign goods in money at the end of the transaction. We pay for foreign goods by sending to them our boots and shoes, or iron and steel, or furniture, or hardware, or some other product in the manufacture of which we excel foreign countries. Foreign trade in the main is simply swapping goods for goods, and the goods which the protected manufacturer by tariffs keeps out of our ports are simply goods which if they were admitted to our ports without duties would be paid for by your labor in the manufacture of other goods to trade therefor, and the amount and value of your labor would not thereby be decreased. We do not always pay for imported goods by exporting goods to the same country

from which we import the purchased goods, but in such case we do pay for them by exporting goods to other countries, and bills of exchange for imported goods to England are frequently paid through the banks of South America or Asia or South Africa, and goods shipped there reduce a balance against us in England or France or Germany. It is simply because the transaction of trade with foreign countries is a complicated one, and on the face of it appears often to be an exchange of goods for money, that protectionists have so long deceived the laboring man. England, Germany, and France all import more goods than they export and increase in wealth with rapidity and the fact that they can afford to import so many is simply an evidence, not of weakness, but of wealth. So you see that if the restrictions of the tariff were removed and the imports of foreign goods increased that these increased imports would be paid for by your labor through increased exports. You would be making goods in the manufacture of which you excel foreign workmen to pay for goods in the manufacture of which they excel you, and the result would be a saving of labor to both of you. The shut door prevents the going out of goods as much as the coming in of goods, and the open door, if it allows coming in, also allows the going out of goods. In other words, we cannot become great exporters unless we become great importers.

The protectionists tell you that protective tariffs increase the numbers of men employed in manufacturing. The number of men employed in the shops of manufacturers in recent years has not increased, and I will prove it to you. In the tariff of 1883 the duties were low compared with the McKinley Bill of 1890 and the Dingley Bill of 1897. The duties of the Wilson Bill, passed in 1894, were a little higher than the duties under the act of 1883. According to the protectionists' contention, your number employed in the factories ought to have increased rapidly since 1890 under the McKinley Bill, the Wilson Bill, and the Dingley Bill. What are the facts? The following table will show the number of men employed in the factories between 1880 and 1900 and the ratio of increase:

	1880	1890	1900
Number of men.....	2,732,000	4,712,000	5,719,000
Absolute increase.....		1,980,000	1,007,000
Percentual increase.....		72%	21%

Now let us consider the increase in the total sums paid in wages and salaries. The figures are:

	1880	1890	1900
Wages and salaries..	\$947,000,000	\$2,283,000,000	\$2,735,000,000
Absolute increase .....		1,336,000,000	452,000,000
Percentual increase .....		141%	11%

That is, in 1900, after ten years of high protection, on the average lower wages were being paid than in 1890. From 1880-1890 the total of wages and salaries increased much more than the number of people em-

ployed, from 1890 to 1900 it increased much less. Now what do these figures mean? They mean simply that the collective force in factories is not increasing in the same ratio as the number of men employed in non-protected industries. The protected trust is most frequently found in those industries in which the use of machinery is carried to the utmost limit possible, and in which as a consequence less human labor is required to obtain a given product value. The protected manufacturers are seeking with the greatest vigor to make the machines take the place of men, for machines do not eat and machines do not strike. The operatives in textile factories and in all highly organized manufactories number fewer and fewer as the machinery becomes more automatic, until at last it will become one great combination of mechanism in which a few experts will keep the machines in order and but few operatives will be found in the weaving room.

Now I wish to tell you what will increase the demand for your labor. The removal of these high duties will multiply many fold the demand for your labor. It will accomplish that result in just this way. Thousands of manufacturers in this country are unable to export their products to-day because of the high prices which they have to pay for their raw material, their steel, their iron, their tin plate, their wire, their brass, their lead, their hides, their coal and every ele-

mental product which is used in their factories. With our superior machinery and our more intelligent labor and with free raw materials in manufacturing we could in twenty years lead the world in exporting. Few manufacturers understand fully the reason why they cannot export, and very few politicians spend any time in studying the subject. The result is that the American people, the most vigorous, enterprising people in the world, with superior machinery, with intelligent mechanics in their factories, and with large supplies of raw material, are comparatively as far behind England and Germany in exporting manufactured products as China is behind the American people. The comparative exports of manufactured products in the year 1902 of the leading industrial countries of the world were as follows:

Great Britain.....	£230,000,000
Germany .....	£150,000,000
France .....	£ 85,000,000
United States .....	£ 80,000,000

The United Kingdom of Great Britain, with a population of about 40,000,000 of people in the year 1902, exported £230,000,000 of manufactured articles, while the United States with a population of 80,000,000 exported £80,000,000. Taking into account the population the exports of manufactured articles from the United Kingdom of Great Britain in 1902 was about £6 per head, while the exports of manufactured articles

from the United States amounted to £1 per head. Germany, with 54,000,000 people and with a duty of 25 per cent. upon dutiable imports, exported nearly twice as much as we exported, while France, which is known throughout the world as the dying nation of Europe, with a stationary population of 38,000,000, exported £85,000,000 of manufactured articles. We ought to be exporting at least a billion and a half dollars' worth of manufactured products every year, and we would be exporting that amount were it not for the fact that our antiquated tariff by shutting out imports shuts in exports and by imposing duties upon the raw material of manufacture makes the price thereof so high that our manufacturers cannot undersell their competitors except in a few specialties.

So far I have been discussing with you the question of labor, as though the nominal price paid to you for a day's labor was the real wage which you received. This conception of the price of your day's wage is entirely erroneous. The real price of labor is the amount which you can buy of the necessities of life with the day's wage. Your prosperity is not measured by the price of the day's labor, but by what you have left of that price after you have bought the necessities for yourself and family for that day. The money price of the day's labor is only a means devised by men to avoid the inconvenience of paying you for your day's labor in kind. The object of work on the part of

every man is to obtain the necessities of life for himself and his family. If, instead of receiving two or three dollars a day, you were to receive a pair of shoes or a coat, you would not be deceived in the price of that day's labor. Now, between July 1, 1897, and the 1st day of June of the present year, the price of the necessities of life, according to Dun's Mercantile Agency Reports, have increased in cost 47.4 per cent., so that even if your wages during that same period had been increased say 25 per cent., you have actually been deprived by the protective tariff and the trusts of upwards of 20 per cent. of what your real wages ought to have been. The manufacturer may increase the amount of your daily wage, but so long as the trusts increase the price of the necessities of life more rapidly than he increases your wage, you are really receiving a lower wage than before.

The tariff taxes bear much more heavily upon you, because, under the McKinley Bill and the Dingley Bill, many duties were made specific, so much per pound, per square yard and per bushel, and the result is that the lower priced grades of goods bear extremely high duties in comparison with the more costly grades. You will find in this volume in the history of our tariff a fuller description of the operation of these specific duties. So high are they upon the lower grades of imported articles that their importation is prohibited, and the manufacturer is left free to charge



you what he pleases. Taking rent, clothing, etc., into consideration, even the apparent advantage enjoyed in the high prices of American wage earners disappears. According to a report in 1903, Mr. Carroll D. Wright, the Director of the United States Labor Department, estimates the cost of living in our own and European countries, not in percentages of wages, but in the number of days' earnings absorbed by the purchase of the necessities of life. By such a method he comes to the conclusion that the number of working days of a man required to cover the cost of housing, food, clothing, lighting, heating, and taxes of the average family are in

England .....	205 days
United States.....	225 days
France .....	231 days
Germany .....	240 days
Russia .....	286 days
Italy .....	290 days

So you will see that it takes the wages of the American laboring man for twenty days to cover the additional cost of housing, food, clothing, lighting, heating, and taxes over the cost to the English workingman.

The protectionists tell you that the amount of the duty on a foreign product which comes into competition with a domestic product is determined by the difference between the labor cost of manufacturing the product in this country and abroad, and is a measure of the difference in value between your labor and that

of the foreign laborer in the same line of work. This is a palpable mis-statement. There has scarcely been a case since 1864 where the domestic product was protected that the amount of the duty imposed upon the competing foreign product was not actually more than the whole labor cost of the manufacturer in making the domestic product. Let me give you a few glaring instances. The duty on iron ore is 40 cents per ton, the duty on pig iron is \$4 per ton, the minimum duty on steel billets is \$6.72 per ton, and the duty on steel rails is \$7.84 per ton. Now the United States Steel Trust owns the deposits of ore, transports it from the Lake Superior mines by its own railways and steamers, and converts it into pig iron and billets and steel rails, the amount of all the tariff duties being several times the amount of the entire labor cost in making a ton of steel rails. In 1870 Congress imposed duties upon steel rails of \$28 per gross ton, and this duty continued until 1883. By 1877 the average price of steel rails in England was only a little over \$31 per ton, and it continued at about that price until 1881. The owners of steel rails during this period owned the patent for the use of the Bessemer process and could manufacture steel rails as cheaply as the English manufacturers, and yet for the years between 1877 and 1883 they sold their steel rails from sixty-one to sixty-seven dollars per ton, about twice the value of the English rails delivered in New York. Professor Taussig, in

his "Tariff History of the United States," says of this period: "The domestic producers of steel rails secured enormous profits of 100 per cent. and more on their capital during these years." The labor cost of a ton of wire rods in the years immediately following the McKinley Tariff was \$1.95, yet the duty was \$12 a ton, more than six times the labor cost. The whole labor cost of a yard of four-ounce flannel in the eighties was 3 cents a yard, yet the duty under the Tariff Act of 1883 was 8 cents a yard, and the McKinley Act put it still higher. The sugar manufacturer is protected on his refined sugar to the amount of 12½ cents per hundredweight. The labor cost of refining sugar is not to exceed 10 cents a hundred pounds, and the American consumer pays in the increased prices for sugar more than the entire labor cost of refining. The census of 1900 shows that the manufactured products of the country for that year were about \$13,000,000,000, and Carroll D. Wright gives 17½ per cent. of the cost of the manufactured article as the proportion which the laborer received. Seventeen and one-half per cent. of the cost of the manufactured article goes to labor, and the average duty upon dutiable foreign products which compete with the domestic products is about 50 per cent. Stated in another way, your employers get duties to the amount of an average of about 50 per cent. upon dutiable imports imposed for the purpose of covering the difference between the

price of your labor and the foreign labor, while  $17\frac{1}{2}$  per cent. of the cost of the manufactured article is the entire labor cost of the article. The American people pay the trusts in increased price more than the entire labor cost of the article for the purpose of taking care of the difference between the cost of your labor and that of your foreign competitor; and that is not all, you do not get a penny's benefit from it.

This whole system of duties is sustained, according to the manufacturers, for your exclusive benefit. You are the sole beneficiaries of this benevolent legislation, but the commodity which you have to sell is your labor. Your competitor is the foreign laborer, and unfortunately labor is upon the free list. If the manufacturer is so interested in your behalf, why does he not aid you in the only possible way of protecting your labor, and that is to procure a law restricting or prohibiting immigration, thus destroying competition with the foreign laborers who come to this country in the number of about a million a year and take your jobs. In that manner, and in that manner only, can the price of labor be protected. I trust, however, that laboring men will never attempt to prohibit immigration. The attitude of labor should be: "We do not wish favors from government, and we will see to it that other men do not get favors. We will vote against any party which favors special legislation or special privileges of any name or nature."

The price of your day's labor is higher than that of the laboring men of other countries for reasons entirely distinct and separate from the effect thereon of protective tariffs. Your competitors in Continental countries can well be regarded as representing pauper labor, but how has this pauper labor been produced? It has simply been produced by carrying out in Europe for centuries the protective policy. This policy has long existed in European countries, not only between different countries, but between cities and counties and divisions of the same county. The protective policy until the last century hedged in every city in Germany, Austria, Italy and France. A peasant of France could not exchange the product of his labor with the peasant in a neighboring province. The manufacture of commodities was confined to the guilds. The whole policy of those countries was restrictive and protective in its nature. Trade was regarded as a monster, and barriers against it were set up on every highway. The same condition exists in China to-day, and did exist in Japan until recent years. Wherever it has existed laboring men have been little better off than serfs, and are even to-day but little better off than serfs. To-day throughout protected Germany and Austria almost every city has its markets for the sale of dog and horse meat. Herr Richard Calwer, in an excellent book entitled "The Commercial Year 1902," recently published by Gustav Fischer, of Jena,

tells us that in Plauen, the center of the lace curtain industry of Germany, the consumption of horses and dogs as articles of food increased largely in the year 1902. Let us quote Herr Calwer: "In some towns the slaughter of horses has greatly augmented. Thus, in Beuthen, in Upper Silesia, the increase amounted to 200 per cent.; in Rostock, 80; Brandenburg-on-the-Havel, 72; Frankfort, 50; Barmen, 44; Wurzburg, 40; Kaiserslautern, 39; Wiesbaden, 38; Leipzig and Königsberg, 37 per cent. The demand for horseflesh in Berlin advanced so greatly that the horse-slaughterers were compelled to pay 15 to 20 per cent. more for animals than previously, and in consequence the prices of horseflesh and horse sausages rose. The Berlin horse-slaughterers, who usually satisfy their requirements in Berlin and neighborhood without any difficulty, were compelled to send out buyers, who traveled the province buying horses for slaughter." Berlin had 46 markets in 1904 for the sale of horseflesh and slaughtered 11,900 horses for food. In Vienna no fewer than 20,000 horses are slaughtered every year for human food, and these conditions are the direct result of centuries of special privilege, restricted industry, and terrible injustice. These countries are densely populated. In England, as we have seen, the population is 558 persons to the square mile, while the population in our own country will probably not exceed 25 persons to the square mile. The day's wage in this

country for this reason has always been high in times of low tariffs as well as high tariffs. This range of wages is due to the immense natural resources of the country and to the energy and intelligence with which these resources have been utilized by our manufacturers and industrial leaders. We started with a new continent, with land had for the asking, with natural wealth unmeasurable, with cities to be built and railways to be constructed, all of which has made a great demand for labor. The price of labor depends, not upon protective tariffs, but upon the energy and intelligence of the laborer, the demand and supply of labor, and the product of a day's labor which is greatly increased by our use of improved machinery. We have a country about as large as Europe with every variety of climate and after a hundred years its richness remains unexhausted. We have absolute free trade between upwards of fifty states and territories in this great domain. The area of our farms in the West is large, and more machinery is used in planting and harvesting crops than in any other country. Our invention of labor-saving machines almost equals the whole of those of the rest of the world. We have gathered together from every part of the world the bravest and the most energetic of men. These are the reasons for high-priced labor in this country, and these are the reasons why it will continue in the future.

Charles Dickens wrote from Boston in January,

1842: "There is no man in this town or in this State of New England who has not a blazing fire and a meat dinner every day of his life. A flaming sword in the air would not attract so much attention as a beggar in the streets." Now let us see how the scene has changed. In December, 1894, Mr. John Burns told the citizens of New York that his observations had shown him that the houses in Whitechapel itself—the poorest quarter in London—were clean, wholesome, and luxurious compared with the horrible tenements in which lived the workers of the chief city of the United States. The marked change in the condition of labor did not appear until about 1873. Since that time, under high protection, the condition of our laboring men has been steadily moving toward the condition of labor in Europe. The cause is perfectly apparent. Our method of indirect taxation by the imposition of duties bears with great severity upon the poor. It is a tax on what men eat and drink and wear rather than on what they possess, and the average laboring man, whose entire property will not perhaps sell for \$1000, pays about as much tax as the wealthier man worth a hundred times more. Alexander Hamilton, under the title of "Publius Crassus," said of protection: "Protection, to be available, must be got out of the belly and back of the great mass of the people." Richard Cobden in 1841, before the House of Commons, said of the Corn Law: "The family of a noble-



man pays to the bread tax about one halfpenny of every hundred pounds of his income while the effect of the tax on the family of the laboring man was not less than twenty per cent." Every particle of clothing on your body, from the boots on your feet to the hat upon your head, without one single exception, costs you from fifty to one hundred and fifty per cent. more than it would without the tariff. The trust sits by your fire and your table, taxes every piece of glass, cutlery and pottery in your house, makes you pay tribute upon every piece of wool, cotton, and furniture in your home, and robs you steadily day in and day out by its excessive prices. Remember that this increased price does not go to sustain the government. More than 19-20 of it at least goes into the treasury of the trust. Even now in ten thousand villages and cities all over this land your wives are in the markets with your wages in their hands buying a few comforts in the shape of cotton or woollen goods, sugar, soap, dress goods, carpets, glassware, pottery, cutlery, or furniture, and paying therefor from fifty to two hundred per cent. over the value of the imported article without duties, about every penny of which goes into the treasury of the trust. In Europe they say that every peasant has to carry upon his shoulders a soldier. Our standing army compared with European countries is comparatively small, but you gentlemen have to carry upon your shoulders a brood of trusts which

plunder you for private purposes to an amount which no European government ever taxed its subjects. "Look," say the protectionists, "at the workingmen in free-trade England and think how much better off you are." The difference is that their condition has been steadily improving, while your condition has been steadily growing worse. The average weekly wages of labor in the skilled trades in London in 1840 was 23s. 1d., and in 1903 it was 42s. The same increase has taken place throughout the whole of Great Britain, while, better than this, the price of the necessities of life has decreased about one-half during the same period. Are you laboring men afraid of free trade or anything else that is free? Five hundred years ago the laboring men of the world were serfs and slaves. The right of the laboring man to his day's labor is the result of a sea of blood. From scaffold to scaffold and from stake to stake through five hundred years a thousand martyrs have carried forward the torch of liberty, and you are free to-day and own your day's wage, your home and all that you count dear because of their sacrifices. Industrial freedom and political freedom are the life-blood of labor. Never fear freedom in any form, for freedom to you is life and hope and everything that goes to enlighten and ennoble. In 1846, on the very night when the House of Lords communicated to the Commons that it had passed the law repealing the duties on corn, the landowners of Eng-

land in the House of Commons, indignant with Sir Robert Peel for taking away from them the right to tax the poor of England, combined with his adversaries and defeated him upon an important measure. He resigned his office, and in his speech to the Commons said, "I shall leave a name execrated by every monopolist, who, from less honorable motives, maintains protection for his own individual benefit; but it may be that I shall leave a name sometimes remembered with expressions of good will in those places which are the abode of men whose lot it is to labor, and to earn their daily bread by the sweat of their brow—a name remembered with expressions of good will, when they shall recreate their exhausted strength with abundant and untaxed food, the sweeter because it is no longer leavened by a sense of injustice." Years after, thousands of English workingmen, each bringing his small contribution, erected a monument to his memory, and placed upon it this inscription: "He gave cheap bread to the poor of England."

## CHAPTER VII

### A TALK WITH FARMERS

I WISH to address a few plain words to you, not as Republicans nor as Democrats, but as thoughtful men interested in your own welfare and the permanent welfare of your country. If you read these words through the eyes of your political prejudices they will have been written in vain, for no sophism is too gross to delude minds distempered by party spirit and no truth is strong enough to convince them. It matters not whether you are Republicans or Democrats. Frequently have the leaders of both these parties deceived you. A Democratic Congressman once asked Galusha A. Grow to attend a committee meeting when a contested seat case was to be heard. "Is he one of your rascals or one of our rascals?" responded Mr. Grow. It is of little importance for which set of rascals you cast your vote, since without doubt many of both parties are rascals and have been aiding the manufacturers and the trusts to deceive and wrong you for years. Your Congressman, as a rule, spends his time in Congress caring for the interests of great corporations and trusts, and then comes around to

you once each two years gushing with enthusiasm and giving you, as the boys say, "a heap of taffy." He has a bucketful of patriotism for the campaign and an open hand in Congress for every trust and protected interest that applies. "The more you get out of your country, the sweeter it is to die for it," says Sam Slick, and "the more you get out of politics the more valuable it is to be loyal to the trusts," says your member of Congress in his secret heart, while he talks to you about the greatness of your country and the glory of your flag. "Boys," said a country school-ma'am on Decoration Day, "do you know what that flag is on the wall for to-day?" Up goes the hand of a little fellow, and he responds, "Yes'm, it's to hide the dirt." The flag is waved to the echo of pulmonary eloquence every two years by men who by this means are trying to hide the dirt. I am bound to tell you the truth, and it will not sound like flattery, for the truth is that you farmers are veritable sheep from whom every one snatches as much wool as he can tear off, so that not infrequently you are completely fleeced. These seem to be harsh words, but they are not so intended. Even though you are indignant at my plain speaking, if that indignation arouses you to examine carefully this question and to talk it over at your fireside, with your neighbors, and at your grange, I am willing to be the subject of your ill-feeling. You have been treated by our government so unjustly for the last forty years

that nothing short of plain speech could do the subject justice.

Forty years ago the farmers made their candles, soap, lard, and tallow, smoked their hams, and spun the yarn for their clothing; this has all passed away because ingenious labor-saving machines do all these things now a thousand times easier than they were done in the olden day. Immersed in your work, you have failed to appreciate that the trusts are actually charging you more for thousands of necessities of life now made by machines than you paid many years ago. You cannot mention an article in your house or for your clothing or a thing used upon your farm which is not made to-day with a tenth part of the labor cost of forty years ago, yet the trusts, with the aid of the tariff, are charging you at least fifty per cent. more for these articles than they should. The theory of the early protectionists in this country was that protection against imports, while it might temporarily raise the price of the goods protected, in the long run, by increasing home competition, would tend to lower prices. The trust, however, sprang up to destroy the home competition, and holds up the price of the necessities of life to the full extent that the duty permits. None of you farmers in this country ever get a penny's value out of a protective tariff, and besides wronging you as consumers it tends to destroy foreign markets for your produce.

First. Protective duties upon your products are imposed simply to deceive you, and cannot bring benefit to you because about one-third of your product must be exported.

Second. Protective tariffs tend to lessen exports and the tariff which is imposed for the benefit of the manufacturer shuts in your grain.

In 1875 you farmers exported 76.95 per cent. of the total exports of the United States; in 1885, 72.96 per cent.; in 1895, 69.73 per cent.; and in 1905 about 56 per cent. For thirty years the amount of your annual crops have been the invariable test of the prosperity of the country. Little is said in newspapers about you as exporters, while a great deal of noise is heard over the export of manufactured products; but if our country has been prosperous, it is due more to the large productions of our farms than to all other sources combined. The important fact for you to observe is this, that in the operation of the general law of trade the part of your product exported and marketed abroad at the greatest cost and disadvantage to you fixes with unvarying certainty the price of the remainder of the product which you sell in your own country. This is true as a general proposition, and is absolutely true of your exported surplus, but it is not true of the product of the manufacturers because they are sheltered from foreign competition by an import duty and combine to maintain the price of their product sold at home up to

the duty line. Because the number of manufacturers is comparatively small and their interests are closely allied, they can easily establish trusts and in that way control the price of the domestic product, but you are so widely scattered that it is not practicable for you. The result is that the price of the portion of your product sold to your own countrymen is absolutely fixed by the price of the surplus exported and sold in the grain pits of Europe. A protective duty, as a rule, is of no value to an exporting industry; so, when our manufacturing interests became able to export, they formed trusts and controlled the competition here so as to be able to sell goods at home at prices increased by the amount of the duty.

Now, although duties upon foreign grain imported into this country can be of no value to you because you are exporters, yet Congress has imposed heavy duties upon wheat and all the other products of agriculture. On September 25 of 1905, Senator Foraker, of Cincinnati, spoke at Bellefontaine in the State of Ohio, and in his speech he said: "We have a high duty on wheat, corn, rye, oats, barley, potatoes, butter, eggs, milk, cattle, horses, sheep, hogs, wool, and everything else the farmer produces. I have no doubt but, for a substantial reduction of these commodities or some of them, a reciprocity treaty could be arranged with Mexico and with Great Britain as to Canada and with still other countries; but I do not need to state, for



everybody knows it without stating, that the farmers of Ohio and the whole country would be hostile to such a treaty." Such talk as that from public men is simply insulting to your intelligence. Senator Foraker, when he uttered those words, knew that not one of the products mentioned except wool received substantial protection from the duty imposed. These words illustrate better than anything I can say to you the deception which has been practiced upon the farmers of this country for forty years. Although you produce the greatest amount of wheat of any country in the world, and in 1902 exported \$177,000,000 worth of wheat and flour, they have given you a duty upon imported wheat of 25 cents per bushel, and the congressmen who imposed that duty knew that you would never realize a single penny from it. It is simply imposed to allow campaign orators to declare before you that your products are highly protected. No one imports or wants to import wheat into our country unless it be the farmers of Manitoba and the western provinces of the Dominion of Canada, who would like to send their wheat to the great flouring mills of Minneapolis to be ground. If you will examine the matter, you will find that practically all the wheat that comes into the country is from that source. They give you a duty of 15 cents per bushel on corn, and you raise more corn than any other two countries in the world. You exported in 1900 over \$85,000,000 worth of corn, and

such a thing as the importation of corn in any quantity into this country has never been known. The congressmen knew it when they imposed the duty, and it was put on simply as a means of flattering and deceiving you. The Dingley Bill imposed a duty of \$30 per head upon imported horses and mules valued at \$150 or less per head, and if valued over that amount 25 per cent. *ad valorem* in addition thereto. Now see the unjustifiable character of this duty. In the census of 1900 it appears that in the United States, exclusive of horses used in cities and towns, there are 18,280,000 horses and more than 3,000,000 mules. In all the German Empire there were in that year only 4,184,000 horses, and in all France only 2,903,000 horses, and to protect you, the owners of about 18,000,000 horses and 3,000,000 mules, against the danger of importation they impose this duty. Was ever such a humbug perpetrated? You know and they knew that there would be no importations of horses except possibly a few blooded animals brought into the country for breeding purposes. Senator Foraker tells you that you have a protective duty against the importation of hogs. Does the American hog need protection from the foreign hog when our hogs have been rooting their way all over the earth for the last twenty years, and during the same period at home have been furnishing an example to those who seek tariff benefits by their pig-trough action? We are the greatest exporters of

pork in the world, and the importation of dead hogs into this country, even if there were no duty on pork, would be about as rare as white blackbirds, yet your benevolent congressmen have carefully protected you against the importation of pork by a duty of 5 cents a pound on bacon and hams. Once eggs were free, but your thoughtful congressman, humiliated at his oversight, repaired the wrong, imposing a duty upon eggs of 5 cents per dozen, and now the business of producing eggs is securely sheltered from the danger that some Canadian will bring a basketful across the border. Upon potatoes they have given you a duty of 25 cents per bushel, and upon hay \$4 per ton, yet you produce more of either one of these products than any other country in the world, and under no circumstances would they be imported in any considerable amount. I might continue and discuss each one of the farm products mentioned by Senator Foraker, but why should I treat this matter seriously? Is there an intelligent farmer in the United States who does not know that such talk is simply humbug? Such statements of public men are simply ridiculous, and show the contempt which they have for the intelligence of their hearers. The only way in which government can protect you is by giving you direct bounties upon the amount of your exports of agricultural products in just the same manner that the French, German, Austrian and Italian governments treated their sugar

growers and exporters for about twenty years. For many years Mr. David Lubin, of San Francisco, traveled over the country addressing you farmers and urging you to seek such bounties upon your agricultural exports. He appeared before Congressional Committees urging that our protective tariff put many burdens upon you, that you received no benefit therefrom, and that you were entitled equitably to bounties upon your exports, but the Ways and Means Committee, knowing that you would not furnish funds for national campaigns, treated your representative with scant courtesy and refused even to report a bill.

While Congress has imposed duties upon the very products which you excel the world in producing and which they knew could be of no value to you, they have been very careful to impose a duty of 12 cents per one hundred pounds upon salt in bags, sacks, barrels or other packages. But in order to care for the Gloucester fishermen, the constituents of Senator Lodge, and the meat trust, under the guardianship of all the Congressmen from Illinois and especially his Honor, the Speaker, they have exempted from the effect of this tax the salt imports in bond to be used in curing fish and curing meats for exportation. It would be of great value to you who are fruit and vegetable growers if your surplus could be canned cheaply. With cheap sugar these would be a source of profit. Cheap tin and cheap glass are also essential to profitable can-

ning. But Congress has imposed duties on sugar of 75 to 100 per cent., on tin plate, 80 per cent., and on glass 60 per cent.

Now, it will aid you in determining why high tariff duties are unnecessary in this country and surely unnecessary to you to see the reason why you lead the world at present in the production of grain and other agricultural products. You farmers, according to the census of 1900, have 841,201,546 acres of land in your farms. It is divided into 5,739,657 separate farms, averaging a little more than 145 acres each. Your farms alone cover an expanse six times larger than the whole area of France. In France, according to the agricultural statistics of 1892, there were 5,702,000 farms, almost exactly the same number as you possess in the United States, but their average size was less than twenty acres, instead of 145 acres. The average size of the Western farm is a little over 386 acres, and the average value of the farm lands in the United States, according to the census of 1900, is a little less than \$25 per acre, while the average value of farm lands in Europe is probably three times that amount. Now, you lead in agriculture for several reasons. Your farms are extensive compared with those of European countries and therefore each of you can afford to use mowing-machines, reapers, and other labor-saving machinery to a much greater extent than they can in Europe. Again, for fifty years you have been ex-

tending your wheat farming in the Western states to new lands. This virgin soil continues to produce for several years in succession good crops of the same kind without demanding manures like older land. Your competitors in Europe, however, are obliged to use fertilizers every year at considerable expense. Again, they are farming lands worth from \$75 to \$100 an acre, while the average value of your farms is only \$25 an acre. You make extensive use of horses and mules, but a horse is a rare sight in many parts of Europe. The traveler in the Tyrol is frequently obliged to send four or five miles to procure a horse for a day's travel over the mountains. The number of your horses and mules is about equal to those of all Europe outside of Russia. The greater part of the farming of Europe is carried on by hand labor. Everywhere you see men and women mowing the grass with scythes and cutting the grain with sickles. Although you pay much higher wages for your help, still, to a great extent, the day's wage you pay, measured by the amount of production, is cheap compared with that of European laborers. On June 25, 1902, the Hon. Jacob H. Gallinger, United States Senator for New Hampshire, said in the Senate: "As regards power of production, Mulhall has shown that a farm hand in the United States does as much as two in the United Kingdom, three in Germany, five in Austria, and seven in Russia. The farm laborers of Europe do nine times the work to get

double the result of the farm laborers in the United States. That is, it takes four and a half Europeans to equal one American. Extend the comparison to Asia and Africa and we find that the average United States producer is equal to ten the world over, outside of our own country. This comparison is emphasized by our coal consumption and steam power, and finally by our products of manufacture." You pay your farm laborers higher wages than are paid in Europe simply because they earn more than is earned by similar labor in Europe. This element, together with the demand and supply of labor, absolutely fixes the prices. The tariff has nothing to do with the matter, and the tariff at every point operates against you.

Let us examine another feature of the injury of the tariff to you. The protective tariff on imports tends to destroy foreign markets for your surplus, and thus to reduce the price at home. A sale by you of your surplus produce to people in any other country, when reduced to the last analysis, is but an exchange of products between you and the foreign exporter. This is not so apparent, because you sell your grain directly to the exporter. Money is but the medium of bringing about an exchange between your wheat and the manufactured goods of the foreigner. If the goods for which you have exchanged yours can enter our country only by payment of high duties, we have an obstruction to trade which will reduce the foreign de-

mand for your product and so lower its market value here. President McKinley's last words at Buffalo confirm this contention. You will remember he said: "A system which provides a mutual exchange of commodities is manifestly essential to the continued and healthful growth of our export trade. We must not repose in fancied security that we can forever sell everything and buy little or nothing. If such a thing were possible it would not be best for us or for those with whom we deal." Shut out a foreign staple product by prohibitive duties and you shut in a staple product of the farms. There is abundant evidence in our history to show this. The period between 1846 and 1860 in this country was one of comparatively low duties. An average tariff duty on all dutiable imports of 24 per cent. prevailed from 1846 to 1857, and of about 19 per cent. from 1857 to 1861. Under these fourteen years of low tariffs our imports of merchandise increased from about \$117,914,400 in 1846 to \$353,616,000 in 1860, most of the increase being in European products. This was an increase at the rate of 200 per cent. in fourteen years. Now notice that during the same period our exports increased from \$109,583,000 in 1846 to \$333,576,000 in 1860, an increase of 204 per cent., the increase of exports keeping a little more than even pace with the increase of imports. Twenty-eight years after, at the same ratio of increase as between 1846 and 1860, our exports ought



to have been about a billion and a half or two billion dollars, but in 1888 they were only \$695,954,000. This was due to the increased duties. As foreigners will not and cannot send us anything unless we sell to them an equal value in American products, it is easy to see why our exports have been so greatly reduced. Our experience from 1846 to 1860 showed that exports kept pace with imports, and that the one increased as fast as the other. Under the high protective tariffs that commenced in 1864 our exports shrunk about as much as our imports. The present annual loss to American exporters, brought about by the protective tariff, is a diminished sale of at least a billion dollars a year. More than half this loss falls upon you farmers and planters, since considerably more than half of our exports consist of your products. Here is a terrible burden placed upon you. You are losing this year and every year regularly by reason of the tariff customers to the value of at least \$400,000,000, of which sum a considerable per cent. would be profit. You are cut off from this profit simply because the great trusts have imposed, through Congress, duties running from 30 to 250 per cent. on foreign articles competing with their products. They simply shut out their competing products and shut in your products. Am I not right in saying that everyone plucks some of your wool?

Six years ago the late John Hay, Secretary of State, speaking upon political issues said: "We pay the

highest wages which are paid in the world; we sell our goods to such advantage that we are beginning to furnish them to every quarter of the globe. We are building locomotives for railways in Europe, Asia, and Africa; our bridges can be built in America, ferried across the Atlantic, transported up the Nile, and flung across a river in the Soudan in less time than any European nation, with a start of 4,000 miles, can do the work. We sell ironware in Birmingham, carpets in Kidderminster; we pipe sewers of Scotch cities; our bicycles distance all competitors on the Continent; Ohio sends watch cases to Geneva. All this is to the advantage of all parties; there is no sentiment in it; they buy our wares because we make them better and at lower cost than other people." Now, if we make all of these articles at so much lower cost than the foreigner that we can afford to export them to him in all parts of the world, is there any doubt about the fact that we do not need a tariff to protect our manufacturers against the same articles imported from foreign countries? You have been feeding the world for the last thirty years by the irreparable loss of the virgin fertility of your soil, while the manufacturers have been denying you the right to obtain the best value the world has to offer in exchange for your food supplies. Not only this, but when you go to market you have the privilege of paying the United States Steel Corporation about one-quarter more for a keg

of wire nails than the same nails are sold abroad. You pay at the hardware store at least a quarter more for a coil of barb wire than the foreigner does for the same wire. You not only pay a heavy duty on raw sugar, but on every hundred pounds of sugar you buy you pay  $12\frac{1}{2}$  cents additional price for refining the sugar, this last exaction going to the trust alone and being more than the entire cost of refining. You pay to the glass trust and the pottery trust for every piece of glass and pottery you buy all the way from 50 to 100 per cent. more than you would pay but for the tariff. In short, you have to hoe your row alone without protection or privilege from government but you pay dear for the hoe, you pay dear for the plow, you pay dear for the Paris green and for every chemical you need. The United States Steel Corporation, the borax trust, the white lead trust, the lumber trust, all these trusts, protected by high tariffs, combine to filch your hard-earned money in ways so hidden and deceptive that it is hard for you to follow them. There is not an article of the clothing of your family which does not pay tribute to the trust. There is scarcely an item in your grocery bill that does not include a tax. The furnishings which make your house a home, the windows that give you air and light, the books and papers that you read, every piece of wire and steel and every nail you buy are instruments of their extortion. Death itself inspires no sanctity on the part of these

trusts. They take toll from your coffin, tax the plumes and the varnish on the hearse that bears you to your grave, levy tribute on the spade that digs your grave, and then stretch forth a greedy hand beside your tombstone and gather from your estate an increased price for it of fifty or sixty per cent. Moloch himself would be more merciful to you than Mammon. You pay taxes for an army or navy sent to China or the Philippines to secure an open door abroad, and then your representative in Congress closes your own door to cheap necessities of life at home. While you are paying the increased price which makes the tariff of great profit to the manufacturer at home, he is selling the same goods in European countries for twenty to fifty per cent. less than he is selling them to you. In short, each and every one of you furnish the money for a bounty to the manufacturer that enables him to be generous to foreigners. The manufacturer will tell you, through his paid agent, that thus he is able to run his factory the whole year, and if he could not tax you at home he would have to shut up his factory at the end of eight months, and that he has to sell his product abroad for less than the cost price of manufacture. But how can you possibly be sure that he does sell it abroad for less than it costs him to manufacture it? And if it is true, ought the trust to be allowed to impose a private tax on home consumers to recoup such a loss? Trusts are in control of the

whole production of the country, and you must pay their prices or starve. You live in a democratic form of government, and are supposed to be our rulers, but I can name five trust magnates, with abundance of money and little scruple, who actually wield more power over the action of government through the bosses of political machines than any five millions of you good-natured farmers are able to exercise. Has not the time come for somebody to get mad? When you are no longer indignant at such injustice and wrong, when you placidly submit to extortions on the part of great combinations controlling the industries of life, when you show a kind of an admiration for great wealth obtained through injustice and corruption, and forgive the men who get it because they give a small portion of it to charity, when you vote the straight Republican or the straight Democratic ticket blindly, notwithstanding that the one party openly and the other secretly connive with the owners of the trusts to aid them in robbing you, when all these things go on for forty years and men do not get mad, then free government is indeed endangered. The politicians simply cheat you with the empty appearance of political power when the substantial blessings of life are taken from you by the laws they make. How much longer will you continue to approve this oppressive law which bestows your property upon favorite trusts? You simply pay the money which you need to people who

do not need it, and you have been doing it so long, and it has become so much a matter of second nature with you, that you really seem to enjoy being fleeced. You may boast of your political rights, but I tell you frankly that no body of men was ever put into bondage by tyrants so petty, so cheap, and so pitiless. The inherited predatory tendency of strong and unscrupulous men to seize upon the fruits of other people's labor can only be checked when the victims of the robbery are sufficiently indignant at the injustice to exert all their power to vindicate their rights.

In each campaign the political speakers tell you that the Englishman and the German object to our protective tariff, and that it follows conclusively that they lose by it and that you are helped by it. Fine logic this, that because the people of a foreign country object to the injustice of our laws therefore they must benefit you. They tell you that you have to compete with the cheap pauper labor of Europe and that you need protective duties upon your products to repay you for the difference between the price of labor in this and in European countries. I have called your attention above to the words of Senator Gallinger which, if true, show that you do not overpay your laborers. Between 1870 and 1880 the self-binding harvester came into use. Before that invention you employed six or seven men to each harvester to tie the sheaves of wheat. After its completion you were able

to discharge at least five of the number. You attach ten or twelve plows to a steam traction engine and plow up the prairie while your competitor in Egypt or India is scratching the ground with a mere stick. You thrash your grain with steam thrashers as fast as you gather it, while your competitor abroad is driving horses over the thrashing floor to shell out the grain. With all the marvelous inventions in agricultural machinery which enable you to undersell your competitors in every market of the world, your machines still do not attain the efficiency of those employed by the manufacturer. If you can undersell your competitors, he certainly can undersell his in the foreign markets. There never was so foolish a cry as that against competition with pauper labor. The Frenchman cries out, "Protect us from the imports of German woolen goods and iron;" and the German cries out, "Protect us from the imports of French woolen goods and iron;" and the American, with better opportunities for cheap manufacture than either, cries out, "Protect us against French and German woolen, iron and steel;" and the German, Frenchman, Japanese and Chinaman all cry out together, "Protect us from the high-priced labor of the United States." Do you not see at a glance that some of them must be mistaken? Do you not appreciate, in view of these facts, that such arguments for protection are simply an aggregation of contradictions, a bundle of sticks—inconsisten-

cies—which taken one by one are easily broken? Our home producers who are able to meet competition on equal terms abroad must necessarily have already become assured at home without the artificial aid of a tariff.

“But,” say the protectionist orators, “has the world ever seen such marvelous prosperity as we enjoy in the United States?” Surely we ought to enjoy marvelous prosperity. What country ever had such natural resources? Where else in the world can you find over fifty states with a territory of more than three million and a half square miles in area enjoying absolute freedom of commerce with each other? The Continent of Europe is divided into more than twenty separate states with customs lines obstructing trade running between each and every one of them. The prosperity, however, which this country enjoys is the prosperity of a few who are the beneficiaries of the tariff. A prosperity where the whole profits are held in a few hands has a kind of a tired look. The question for you farmers to ask yourselves is, “Who makes the tariff and who pays for the tariff;” and if you will ask yourselves that question and reflect upon it a little while, you will come to but one conclusion, and that is that the tariff is made by a few men who have seized control of the manufactures of the country and that you pay the bills. Are any of you farmers becoming millionaires? Do you know of any farmer in the United



States who is worth a million and who made it in farming? If government keeps on protecting you as it has for the last forty years, it will protect you off from the face of the earth. If, as the protectionists teach, the ships of commerce bring to our shores commercial destruction, why not have Congress pass laws to close our ports or burn our ships, which would prove more effective in destroying commerce than a protective tariff? Do not think I am exaggerating in pointing out such a remedy. The German farmers recently have carried the protective craze just as far as I suggest. The German Emperor was anxious to connect the Rhine and the Elbe rivers by a canal. The canal would pass through the State of Prussia, and the act providing for its construction came up before the Prussian Landtag. The agricultural party known as the Agrarians defeated the bill providing for the building of this canal because it would bring your grain to Berlin and the western part of the German Empire and make your competition the more effective against the sale of German grain. If the exchange of products between the United States and Canada brings evil to both parties, then the exchange of products between the fruit-grower in California and the ironmaster of Pittsburg is all wrong. Commerce between adjoining people is everlastingly right, and the world has never produced an example of its signal benefits so striking as our fifty states and territories with abso-

lute free trade between them. In 1846 Congress passed what is known as the Walker Tariff. You will find a full description of it in a subsequent chapter on the history of our tariffs. The duty from 1846 to 1857, as stated above, did not exceed 25 per cent. In 1857 the average ad valorem duties were reduced to about 19 per cent., and continued thus till 1861. The following tables will show you the results of that tariff as it affected farming, and also the effect of the subsequent protective tariff of about 50 per cent.

### VALUE OF FARM LANDS

1850	1860	1880
\$3,271,575,421	\$6,645,045,007	\$10,197,096,776
Increase for ten years (1850 to 1860).....	3,373,469,586	
Increase for twenty years (1860 to 1880).....	3,553,051,769	
Yearly rate of increase (1850 to 1860).....	337,346,958	
Yearly rate of increase (1860 to 1880).....	177,602,588	
Per cent. of yearly increase (1850 to 1860).....	10½	
Per cent. of yearly increase (1860 to 1880).....	2½	

The average value of our improved land was \$11 per acre in 1850 and \$16 in 1860, an increase in the ten years of \$5 or 45 per cent. in the decade. Its value was \$19 per acre in 1880, an increase of \$3 in twenty high tariff years or 9 per cent. each decade. Before 1860 the annual increase in value per acre was fifty cents, between 1860 and 1880 it was only fifteen cents. The total acreage in farms at the three different periods was as follows:

1850	1860	1880
293,560,614	407,212,538	536,081,835
Increase .....	113,651,924	128,869,297
Yearly increase.....	11,365,192	6,443,468

Now remember that between 1850 and 1860 the country had not yet been opened up by railways to any such extent as between 1860 and 1880, and yet the growth in the wealth of the farmer was more rapid between 1846 and 1860 than during any other part of our history. The price of wheat rose from an average of \$1.02 in 1845-1847 to \$1.51½ from 1848-1856, a price never equaled before or since. Corn, cotton, butter and wool increased about 33 1-3 per cent. in price during the existence of the Walker Tariff. The year 1860 was the most prosperous year in the history of the country up till that date and the prices of the necessities of life were lower during that period than they are to-day. No better illustration of the benefits of free trade for an exporting farming people can be found in the world than the tiny Kingdom of Denmark. The Danes impose no duties upon agricultural products, meats, or dairy products. In the year 1902 the people of Denmark exported \$80,500,000 worth of dairy products, meat, and other agricultural products, and this \$80,500,000 was \$35 per head for each of its population. A Danish writer, Mr. R. A. Westenholz, in an article in 1903 in the *Monthly Review* points with justifiable pride to the fact that even the farmers of the United States export only half that sum.

The protectionist orator, however, will say to you, "Look at the condition of this country during the period of the Wilson Tariff." Look at it, and be sure

you look at it, for that tariff is an example of the power of great monopolies to corrupt Senators whose party had pledged itself to care for the people's interests and to relieve them from the burdens of a high protective tariff. I shall discuss that tariff in the chapter on Our Tariff History and show that the condition of depression at that time was the result of a combination of causes other than the tariff. The extremely low price of wheat before the passage of that tariff and after its passage had a hundred times more to do with the stoppage by financial depression of the sale of manufactured goods than the slight change in the schedules. You represent nearly one-half of the people in this country, and when the returns from your business are small the amounts which you purchase are also small. Every sagacious financier knows full well that business depends very largely upon your success, and for this reason the cotton and produce brokers bribe the men who are making the reports upon cotton and wheat to procure the estimates in advance for the purposes of speculation. The protective superstition ascribes all prosperity to governmental action, and misleads the people into believing that the increased prosperity of the favored few is the prosperity of all. Protective tariffs, according to these gentlemen, stimulate into activity the inventive genius of the people, lengthen the wool upon the sheep's backs, people our great Republic with millions, send the great rivers

coursing through fruitful valleys, and bring blessings to everybody. How much longer are you going to believe these ridiculous tales?

Nature provided in this United States the noblest heritage ever given to men. Originally we had about 1,880,000,000 acres of farm land. The original idea of the fathers of the country was that this land should be held for all the citizens who were willing to make it their home and to till it; 1,226,000,000 acres of this land was west of the Mississippi River. One-third to two-fifths of it is barren land or deserts, and of the 800,000,000 of acres remaining more than a ninth part has been given away by government to great railroad corporations as a bounty for constructing railroads through the country. The process of the selection of this land by the railroads has been going on from year to year, and they have taken in the neighborhood of 150,000 square miles of the agricultural, mining and timber lands west of the Mississippi, a territory larger than the whole of Great Britain. These railroads own some of the best lands through which they run, hold mortgages upon many of your farms, and control matters generally in your part of the country. Have you had enough of this? Are not your sons and daughters, discouraged with the results of the farm, leaving their homes by the hundreds for the city? The history of mankind shows no single instance of a people that deserted the lands and flocked to the cities long con-

tinuing free. The railroad corporations that own these vast tracts of land absolutely control your means of sending your products to market, and, as you well know, they charge you prices for the shorter hauls which, when compared with the charges to your more powerful competitors, are in violation of the statute. Are you so well satisfied with this railway monopoly as to wish to continue the monopoly of protective tariffs and trusts?

England a hundred and fifty years or more ago granted a charter to the old East India Company giving it the right of exclusive trade with the people of India, which meant that this company had a legal right to fix the prices of the necessities of life sold to those people. England was not under the same obligation which our government owes you to protect you from the predatory raid of a monopoly, but England made that East India Company pay her \$2,000,000 annually for that exclusive right, and limited that right to grants of fifteen years. The beneficiaries of our protective tariff have enjoyed the advantage of exacting an increased price for the necessities of life from the whole American people for upwards of forty years, and now they claim a vested right to continue it. It is not a vested right; it is a vested wrong. When we ask Congressmen to do us justice and reduce these outrageous tariffs, they go around saying to each other, "Keep quiet, don't discuss the question, stand pat." "No

party," says Secretary Shaw, "can ever revise the tariff in safety, and the only time to risk the experiment is at an extraordinary session immediately following the inauguration of a new administration." This answer shuts out hope and shuts in despair unless you and I and our fellow-countrymen demonstrate that we have a little something to say about the laws of this country. Such an injustice as our tariff has the moral law of the universe against it. If we continue to submit to this injustice, we are unworthy of free government. The monopolistic giants which thrive on protection will never remove the burdens from the people until a popular movement arises among the people entirely outside of both political parties which will drive the emissaries of the trust from public office. Men do not relinquish special privileges which yield them millions without a terrific battle. But if our institutions are to be preserved, if our flag is to be kept flying over free men, if justice, the abiding source of good government, is to exist, this tariff, with bag and baggage, must go.

## CHAPTER VIII

### OUR TARIFF HISTORY

DURING the period of our colonial life colonies in general were considered as the exclusive property of their sovereign state and they were allowed no commercial intercourse with other nations. This policy was adopted by Great Britain in her relations to her American colonies. In 1701 the charter colonies were reproached by the lords of trade "with promoting and propagating woolen and other manufactures proper to England." From the furs of the country hats were made and the London hatters procured an act forbidding hats to be transported even from one plantation to another. The manufacture of charcoal iron was our leading industry. So plentiful was the ore and so cheap was wood that the industry was thus early established notwithstanding England's attempts to limit it. The iron masters of England clamored for Parliament to check our manufacture of leather and iron. The House of Commons passed a bill providing that "none in the plantations shall manufacture iron wares of any kind out of any sows, pigs or bars whatever." England not only attempted to control the trade of



the American colonies, but through her tariffs crushed out the flourishing linen and woolen industries of Ulster in Ireland, and as a result thousands of Scotch-Irishmen emigrated from that province to America. Between 1730 and 1770 more than half of the Presbyterian population of Ulster came to America, where it formed more than one-sixth part of our entire population at the time of the Declaration of Independence. The descendants of these men to-day control the great iron and coal industries of Pennsylvania, and Pennsylvania in 1785 was the first one of the states of the Federation to impose protective duties against sister states. The ancestors of the present millionaires of Pittsburg however were modest. They imposed duties of only  $2\frac{1}{2}$  per cent.; a hundred and twelve years later their descendants induced Congress to pass the Dingley Bill imposing duties all the way from 50 to 150 per cent. to protect their infant industries from foreign competition.

The great work of Adam Smith on the "Wealth of Nations" was published in 1776, yet in 1756, twenty years before it appeared, the iron manufacturers of Great Britain, in a petition to Parliament, asked that the colonies be allowed to export iron products to England, and the reasons which they set forth in their long petition embodied the theory of commerce which Adam Smith thereafter set forth in his great work. The manufacturers in those days purchased their iron

of the iron masters, and it ought to be a matter of interest to our manufacturers to-day to examine this opinion given a hundred and fifty years ago as to the wisdom of having free raw materials for manufacture. A few out of the many reasons given by these iron manufacturers for granting their petition are found in the following quotation :

“I. There cannot be a clearer Proposition concerning Trade, than, That it is the Interest of every Manufacturing Country to get as great a Choice and Variety of raw Materials, and upon as cheap Terms, as can possibly be procured. For an Error in this respect, is fundamental, and hardly to be corrected by any subsequent Care or Diligence. Therefore the Legislature hath wisely ordained, That though Wool, for Instance, grows in greater Plenty in England than perhaps in any other Country, yet the Wools of all Nations shall be admitted into England Duty-free; justly considering, That we can never have too great a Choice and Plenty of that necessary Material of extensive and profitable Industry, or upon too cheap Terms.

“II. A Second Proposition, not inferior either in evidence or Importance is, That unless some Commodities are taken from other Countries by Way of Barter in the Course of Trade, You can have but a small Vent for your own Manufactures; it being impossible for any Nation to make all their Payments in

“Gold and Silver, even if they abounded with the richest Mines of those Metals. Nay, though it were possible, it may be greatly questioned, Whether it is not for the Interest of a Manufacturing Nation to import sometimes raw Materials by way of providing for the future Industry of their People, than to be always importing Gold and Silver; which, when they come to be unconnected with Labour and Industry, (as in this Case they would soon be) have no other Effect, than to introduce Laziness, Vanity and Extravagance. And in the End Poverty.

“III. A third Proposition, by way of Preliminary, is this, That Cheapness in regard to Price, and Goodness in regard to Quality, are the Support and Prop of all Manufactures: And that it is impossible, in the Nature of Things, for a Nation to preserve any Manufacture, if they strike off, or suffer to be struck off, these two grand Pillars, Cheapness and Goodness. They may indeed tamper for a While; and seem to do something, not unlike a Quack in Physic, towards botching up a broken Constitution; but it will soon appear, that all they have been doing, was only to make bad worse.” The principles here laid down guide most protective countries in the making of their tariffs to-day. We almost alone of all the people in the world continue to tax the raw materials of manufacture and thus make it difficult for our manufacturers to compete with the rest of the world.

Franklin, Jefferson, and Madison all desired free trade between England and the Confederation which preceded our present government. In 1783 William Pitt, who approved the doctrine of Adam Smith, introduced into the English Parliament a bill that would have secured free trade between the countries. Had it passed, the hard feelings which occasioned the war would soon have died out and the commercial progress of both countries would have been promoted and the War of 1812 probably would have been prevented. The Confederation did not reserve to itself the control of commerce between the different states, and, following Pennsylvania's example, other states passed laws imposing duties upon imports not only from foreign countries, but from the other states of the Confederation. The State of New York from its earliest times had sought to foster trade by legislation. Stephanus Van Cortlandt, the first Mayor of New York born in the city, enacted many rules and regulations to protect trade. Even the quantity of brine in which the farmer might immerse his pork was minutely prescribed and all prices were fixed by ordinance. New York naturally was the first state to follow the lead of Pennsylvania, and in 1785 she also passed a tariff act. The city then had a population of 30,000 people, and had long been supplied with fire-wood from Connecticut and butter and cheese, chickens and eggs from New Jersey; but the wise fathers of those days believed that

in trade as well as in gambling what one man gained the other man lost. Acts were accordingly passed obliging every Yankee sloop which came down from Hell Gate and every Jersey market-boat which was rowed across from Power's Hook to Cortland Street to pay an entrance fee and obtain clearance at the custom house, and the people of New York could not get a load of wood from Connecticut or a dozen hen's eggs out of New Jersey without paying a duty thereon. The City of New York had bought a piece of ground on Sandy Hook and had built a lighthouse there, and New Jersey retaliated by levying a tax of \$1800 a year on the lighthouse property. The people of Connecticut suspended all commercial intercourse with New York. A great meeting of business men was held at New London, and every merchant signed an agreement, under penalty for the first offence, not to send any goods whatever into the hated state for a period of twelve months. This was our first tariff war. Will the next one be with Germany?

Many protectionists regard Alexander Hamilton as the father of our protectionist policy, but they cannot find in any word or in any act of his a justification of our existing tariff. The people of the United States in the early years of our national history followed a system of practical free trade. What is called the American System was not announced until 1816. The reason for our first tariff of 1790 was that we were

then a young country in a state of transition from an agricultural to a more diversified industrial condition. Nine-tenths of the people were engaged in agriculture. Hamilton realized the importance of bringing about more diversified industries. Few of our people resided in cities. Philadelphia, the largest city, had only 42,000 inhabitants, New York, second in size, 32,000, and Boston, 18,000. Food products, tobacco, lumber, rice and indigo were the chief products of agriculture. The partial transition from an almost exclusively agricultural state to young manufactories involved capital, methods, plants and imported workmen, and it was hardly an indication of belief in high protective tariffs that under such circumstances a tariff imposing low duties should have been enacted. The wise Madison said: "I wish we were under less necessity than I find we are to shackle our commerce with duties, restrictions, and preferences." Hamilton, in his report on manufactures, said that while the payment of bounties for the encouragement of new industrial undertakings was justifiable, their "continuance in manufactures long established was most questionable." The actual workings of the first tariff showed that the rates upon all importations were about  $7\frac{1}{2}$  per cent., and it was upon so few articles that the schedule was printed on a sheet about a foot square and hung up in each custom house. Slight increases were made from time to time, but so slight that in 1808

the duties upon dutiable imports did not exceed 13 per cent. The volume of our total exports in each of the two years 1806 and 1807 exceeded \$100,000,000, a sum not again surpassed until 1834. These were the days when industries were really in their infancy, and the great statesmen who met injustice with the immortal Declaration of Independence, brought an unequal war against the mighty power of England to a successful end, and established our government under a Constitution which Gladstone declared to be the greatest ever struck off at one time by the wit of man; these men, whom all time will recognize as statesmen, believed that duties from 8 to 13 per cent. were sufficient to protect our infant industries against the world. Washington, the leading spirit of those early years, in his farewell address, advised justice to all nations and entangling alliances with none; Jefferson cultivated friendship with all the peoples of the world, and under the guidance of these men our people grew in numbers, in strength and in wealth. Such men were too great and too wise to believe that the gain of one country in trading involved an equivalent loss to the other, that commerce was a species of warfare, or that an imported article was an injury to a country. This narrow and illiberal policy of government was born later when industries had become established, and the only method of perpetuating injustice was to arouse prejudice and passion against the foreigner.

During the Embargo of 1808 and during the continuance of the War of 1812 many establishments for the manufacture of cotton goods, woolen cloths, iron, glass, pottery, and other articles sprang up. When the war was over men urged that these industries were young and weak and required protection to become fully established. So in 1816 the first tariff which looked toward protection was enacted, imposing upon many articles of foreign commerce an average duty upon dutiable imports of 20 per cent. Upon cotton and woolen goods imported an average duty of about 25 per cent. was imposed. The making of pig and bar iron had been regarded as established at the time of the passage of the Hamilton Tariff, and it was not until 1816 that Congress was asked to extend protection to it. It is an interesting fact that Southern members of Congress favored the tariff of 1816 and that New England was opposed to it. Henry Clay in 1816 gave the reason for protecting home industries as follows: "The object of protecting manufacturers is that we might eventually get articles of necessity made as cheap at home as they could be imported and thereby produce an independence of foreign countries." Since 1875 we have been imposing duties of from 50 to 150 per cent. upon hundreds of imported commodities which we could manufacture as cheaply at home as they could be imported without duties, and our manufacturers have been selling their domestic products to the



people during all this time at the price of the foreign commodity increased by nearly the amount of the duty. Demosthenes said: "The first of all things is to see events in their beginnings, to discern tendencies beforehand and proclaim them beforehand to others." This is exactly what Daniel Webster did at Faneuil Hall, October 2, 1820, when, speaking of our protective tariff system, he said that it was "a policy which no nation had entered upon or pursued without having found it to be a policy that could not be followed without great national injury nor abandoned without extensive individual ruin." Our protective tariff has continued since 1883 because the business interests of the country were afraid of the financial depression which might come by any decided change.

During the War of 1812 there was a great expansion of banking, and wild speculation arose and continued until 1819, when a severe financial crisis occurred. A fictitious value was given to all kinds of property. Specie was driven from circulation as if by common consent, and all efforts to restore society to its natural condition were treated with undisguised contempt. *Niles' Register*, the leading paper of that day, speaking of the speculators, says: "So it was in all the great cities—dash—dash—dash—vendors of tape and bobbins transformed into persons of *high blood*, and the sons of respectable citizens converted into knaves of rank—through speculation and the facilities of the

abominable paper-money system." Such times are a fertile soil for the growth of protective tariffs, and members of Congress, turning their minds to this method of stimulating industry, introduced bills in 1820 and 1822 in Congress for the increasing of duties, but they did not pass, and the next tariff act is that of 1824. Party lines so far as they existed in 1824 were not regarded in the vote on the tariff. It was carried mainly by the votes of the Western and Middle states. The Southern members were opposed to the law. New England was divided, Rhode Island and Connecticut voting for the bill, Massachusetts and the other New England states against it. John Randolph said of this tariff: "The merchants and manufacturers of New Hampshire repel this bill, while men in hunting shirts, with deerskin leggings and mocassins on their feet, want protection for home manufacturers." The factories in the East in those early days were of a higher grade in comparison to those of like kind in the Middle or Western states than were the English factories to those of the Eastern states. Notwithstanding this fact, the factories of the middle West have come up to as great if not a greater degree of perfection than those of the East. The competition between Eastern factories and the factories of the middle West has been going on for fifty years and the infant industries of the West have never conceived for one moment that they needed protection against their more powerful neighbors in the East.

Under the Tariff of 1824 the duty on imports of cotton and woolen goods was raised from 25 to 33½ per cent. The increase upon imports of woolen was offset, however, by a duty of 30 per cent. upon wool, which before that time had been admitted at 15 per cent. In 1827 an attempt was made in Congress to pass a bill increasing the duties upon woolens. It was passed in the House, but lost in the Senate by the casting vote of Vice-President Calhoun. Thereupon a convention of protectionist manufacturers and ambitious politicians gathered in the midsummer of 1827 at Harrisburg. It recommended higher duties for the aid of agriculture and also on the manufactures of wool, hemp, flax, iron, and glass. This convention, it was claimed, had been called to further the political ambitions of President John Quincy Adams. The tariff had not been a political issue up till this time. The Eastern states had been engaged largely in shipbuilding and the merchants of Boston and other large cities were importers, but during the War of 1812 and prior to 1827 there had been a great increase in the number of cotton and woolen factories in the New England States. These interests had now become powerful and were contending for further protection. Jackson was a candidate for the Presidency, and behind him were the Southern men who were opposed to protection. He needed Pennsylvania and New York, which were the controlling factors in his contest against Adams. A

majority in the House of Representatives were favorable to his election, and when Congress convened a committee in the House, consisting of five Jackson men and two Adams men, were appointed to consider the question of the tariff. Their action shows that the great men who had shaped the policy of this country in the early days were passing away and that the politician was coming to the front. This committee deliberately framed a bill imposing such high duties on iron, hemp, flax, wool, molasses, and sail cloth that it was thought that the followers of Adams would vote against it. The Southern members openly said that they meant to make the tariff so bitter a pill that no New England member would be willing to swallow it. Calhoun years afterwards, in 1837, frankly disclosed the plot of the Southern members of that time and Martin Van Buren was said to have been the man who suggested this means of heading off the passage of a tariff. The Eastern Congress men were loyal to Adams and they were afraid to reject this tariff for fear of its effect upon his election. So it became a law, and was known as the Tariff of Abominations. It imposed an average ad valorem rate of duty of 48.88 per cent., the highest known in this country before the McKinley Act of 1890. For the first time compound duties, specific and ad valorem combined, were levied. Jackson was elected, and both the Adams and Jackson men united in condemning this

tariff. It was superseded by the tariff of 1832, which practically restored the tariff of 1824. Even this more moderate tariff could not stand the attacks of the Southern men, and in the following year the compromise tariff was passed. By the compromise tariff of 1833 it was provided that all duties which in that tariff exceeded 20 per cent. were to have one-tenth of the excess over 20 per cent. taken off on January 1, 1834; one-tenth more on January 1, 1836; one-tenth in 1838; and another in 1840. Having disposed of four-tenths of the duty over 20 per cent. by 1840, it was then provided that on January 1, 1842, one-half of the remaining excess was to be removed, and on July 1, 1842, the other half was to go, leaving the tariff at 20 per cent. The duties remained high during the whole period till 1842, thus the average ad valorem rate of duty on actual imports was in

1834 .....	32.67%
1836 .....	31.65%
1838 .....	37.84%
1840 .....	30.37%
1842 .....	24.00%

Notwithstanding the duties were continued so high, protectionists twenty or thirty years later invented the theory that the tariff of 1833 was the cause of the terrible financial crisis which swept over the country in 1837. Professor Taussig, in his excellent "History of the Tariff," says that this contention had its origin in the writings of Henry C. Carey "who has been guilty

of many curious versions of economic history, but of none more remarkable than this. It may be found in the various passages in his works; and from these it has been transferred to the writings of his disciples and to the arguments of protectionist authors and speakers in general. Yet no fair-minded person, having even a superficial knowledge of the economic history of these years, can entertain such notions." You may look through all the speeches in Congress in 1837 and following years, you may examine all the newspapers of that day, and you will fail to find anywhere by anyone at that time a claim of any relation between the tariff of 1833 and the financial crisis of 1837. The cause of the crisis of 1837 can be shown in a few facts. In 1833 President Jackson transferred from the United States Bank the surplus of \$40,000,000 and distributed it among the state banks scattered through the different states in the Union. We had no national debt, the expenses of government were comparatively small, and the protective tariff as usual had resulted in a surplus. In our day the politicians know what to do with a surplus, and quickly dispose of it to remove any objections to protection. The state banks commenced loaning their new deposits to land speculators. Boom towns like the malarial Eden described in "Martin Chuzzlewit" appeared all over the country. Lands far away from roads and rivers in the Maine forests sold for fabulous prices. The real estate of

New York was assessed for more in 1836 than it was in 1851. In May, 1836, Mr. Webster introduced a bill in the Senate directing that \$35,000,000 of the \$40,000,000 deposited by President Jackson should be apportioned among the states and paid over by the banks in quarterly installments beginning January 1, 1837. This bill was passed and signed by President Jackson. Prior to 1834 the average annual sale of public lands for settlement had been \$2,500,000, in 1836 it had risen to \$26,000,000, and the public lands were being paid for by state bank notes. In July, 1836, President Jackson, alarmed at the terrible mania of speculation and paper money, issued a circular requiring the payments for lands to be made in specie, hoping thus to check the wild land speculation of the time. On January 1, 1837, the first installment of the surplus was paid over by the banks, the packages of specie and bank notes of the installments being drawn in the coaches or mud wagons of the day over rough roads to the state capitals of the different states. The second installment in April was paid, but the banks could not get the specie for the third installment, and the financial crash came as a consequence. Mr. Webster, speaking in New York City in 1837, ascribed the panic to the above named causes and a committee sent from New York to Washington to ask President Van Buren to rescind the specie circular attributed it to the same causes. Henry Clay, the father of the American system of pro-

tection, speaking in the United States Senate in 1842 on the panic of 1837 and its causes, said: "It is a great mistake to say that any portion of the embarrassment of the country resulted from it (the tariff of 1833). Other causes have contributed to this result, and it is to be attributed to experiments made upon the currency; also to the action of the states, which, by plunging into schemes of internal improvements have made debts abroad, and thereby given a false appearance to the prosperity of the country, and, when their bonds depreciated, the evils from which they now suffer as a consequence ensued." Hugh McCulloch, Secretary of the Treasury under three administrations, was in 1837 the manager of a bank at Fort Wayne, Indiana, and a member of the Board of Control in the State Bank of Indiana. Writing to the *New York Times* on February 3, 1890, he describes most vividly the speculative mania of those days, and ascribes the panic of 1837 solely to the same causes as Mr. Clay. The protectionist manufacturer regards as prosperous only those times when the surplus money of the people congests in his hands. But a portion of the surplus apparently filters down through his hands to the hands of men who pervert history to sustain the cruel injustice by which he profits. The treatment of the panic of 1837 by protectionists is a marked instance of such perversion.

Before leaving the period prior to 1842, it is impor-



tant to observe that the industry of cotton and wool had arrived even in those days to a condition of such cheapness of manufacture as to be no longer in need of protection. In the first chapter of this volume I have mentioned the testimony of the wool manufacturers before the Committee on Ways and Means of the House of Representatives in 1828. As to the cotton industry, Professor Taussig, in his "History of the Tariff," says: "Probably as early as 1824, and almost certainly by 1832, the industry had reached a firm position in which it was able to meet foreign competition on equal terms. Mr. Nathan Appleton, who was a large owner of cotton factory stocks, and who was also, in his time, one of the ablest and most prominent advocates of protective duties, said in 1833 that at that date coarse cottons could not have been imported from England if there had been no duty at all, and that even on many grades of finer goods competition was little to be feared. This account of the stage reached by the industry finds confirmation in a careful volume on the cotton manufacture in the United States published in 1840 by Robert Montgomery. "This writer's general conclusions," says Professor Taussig, "are much the same as those which competent observers reach for our own time. Money wages were about twice as high in the United States, but the product per spindle and per loom was considerably greater." Sixty-five years after this date, with all the improvements which

we have made in machinery for the making of cotton cloth, the cotton manufacturers are actually enjoying an average ad valorem rate of duty on imports of cotton of 49.41 per cent., while the woollen manufacturers, including the duty on raw wool, are protected in the amount of about 94 per cent. upon the importations of woollen goods.

In 1842 the Whigs passed a new tariff bill, imposing upon foreign imports an average ad valorem duty on actual imports of 32 per cent. During the four years that this tariff continued the iron industries of the country increased rapidly. In 1832 Congress had permitted the importation of iron rails for the new railways being built at that time without duty, and under that act they continued to be imported until 1842. Protectionists have always claimed that the growth in the iron industry which followed the enactment of the tariff of 1842 resulted from the increase of duties upon iron and its manufactures; but that growth is attributed by experts in the iron trade of those years to the commencement of the use of anthracite coal in the making of pig iron in 1840. and to the introduction of the process of making pig iron by puddling about the same time.

This completes the history of the Whig party as the makers of tariffs, and it is to be observed that they attempted to protect American industries while the tariff makers of to-day are protecting gigantic monopolies.

The old Whigs, however mistaken, provided protection for the American people. The modern American protectionist advocates protection against the American consumer and in favor of the European consumer. In the days we have been describing the protective policy, although unwise, may have been honestly commenced and continued by Congress. To-day it is graft, simply an alliance between corrupt politicians and manufacturers, who do not think it wrong directly or indirectly to buy such legislation. The mistake in our day has been in permitting a force outside of government to be created that is powerful enough to control government in spite of the people. This force is becoming so powerful and so corrupt that it seeks to control the editor in his sanctum and the professor in his lecture-room. Independence recoils from its power and free thought and free speech are absolutely endangered by its existence.

The Walker Tariff, named for Robert J. Walker, the Secretary of the Treasury during the presidency of James K. Polk, was enacted in 1846. Mr. Walker laid down the following principles as those upon which this tariff was based:

“1. That no more money should be collected than is necessary for the wants of government.

“2. That no duty should be imposed upon any article above the lowest rate which will yield a just amount of revenue.

"3. That below such rate discrimination may be made, descending in the scale of duties, or for imperative reasons the article may be placed upon the free list.

"4. That the maximum revenue duty should be imposed upon all luxuries.

"5. That all minimum and specific duties should be abolished and *ad valorem* duties substituted in their place."

The prevailing duties on dutiable imports under this tariff was 25 per cent. It remained in force until 1857, when a still further reduction of duties was made. The revenue from the tariff was such that a surplus had accrued in the Treasury. The Act of 1857 reduced the duties to about 18 per cent. and became a law on March 3, 1857. The House of Representatives at that time was composed of 83 Democrats, 108 Republicans and 43 other members known as "Know Nothings." The Senate was Democratic. The practical results of the Walker Tariff had been so favorable and the prosperity of the country during the eleven years of its existence had been so marked that a considerable proportion of the Republican party in that day voted for the reduction. Mr. Morrill, of Vermont, a member of the Ways and Means Committee in 1857, argued for a reduction. Every Republican member from New England present at the time the vote was taken voted for the reduction and every member from New England, except Mr.

Collamer from Vermont, had voted against the Walker Tariff in 1846. Mr. Blaine, in his "Twenty Years in Congress," says: "Moreover the tariff of 1846 was "yielding abundant revenue, and the business of the "country was in a flourishing condition at the time his "(Polk's) administration was organized. Money "became very abundant after the year 1849; large enterprises were undertaken; speculation was prevalent, "and for a considerable period the prosperity of the "country was general and apparently genuine. After "1852 the Democrats had almost undisputed control "of the government, and had gradually become a free-trade party. The principles embodied in the tariff of "1846 seemed for the time to be so entirely vindicated "and approved that resistance to it ceased, not only "among the people but among protection economists, "and even among the manufacturers to a large extent. "So general was the acquiescence that in 1856 a protective tariff was not even suggested or even hinted by "any one of the three parties which presented presidential candidates. . . . By this law the duties were "placed lower than they had been at any time since the "War of 1812. The act was well received by the people and was indeed concurred in by a considerable "proportion of the Republican party." When the proposed law had passed the House of Representatives and reached the Senate, it received the support of Mr. Hamilton Fish, one of the Republican Senators from

New York, and the vote of Senator Sumner, who was so anxious that the bill be passed that he left a bed of illness in Boston and went to Washington to vote for the bill. It received the support of Senator Wilson then Senator from Massachusetts, of Senator Bell of New Hampshire, of Senator Allen of Rhode Island, of Senators Collamer and Foote of Vermont, of Senator Fessenden of Maine, and of Senators Foster and Toucy of Connecticut. Senator Wilson, of Massachusetts, speaking in the Senate in favor of this bill, said: "We of New England believe that hemp, flax, silk, lead, tin, copper, hides, linseed, and other articles should be admitted duty free. We are for the reduction of the revenue to the actual wants of an economical administration of the government, for the depletion of the treasury now full of hoarded gold."

I hesitate about giving figures showing the great prosperity of agriculture and manufacturing during the period from 1846 to 1861 lest I may be regarded as adopting that method of proof of the good effects of a law upon the welfare of society. The American protectionist has his statistical abstract in hand, and shows you the progress in the United States during the existence of our outrageous tariff as proved by each year's return. Every step of advancement and development he modestly puts down to protection and gives no credit to our immense natural resources, inventive talent, individual energy, or freedom from traditional

restraints. Our prosperity at any given time may be attributed much more to natural causes than to the existence of the tariff. Without a comprehensive view of historic facts and of economic subjects no man can even give a good guess as to the benefits which have accrued to a country from the existence of low tariffs or high tariffs. Each four years we are entertained by speakers who with drum and trumpet declamation enlighten us with the statement that we owe all of our prosperity to the tariff. Twenty lines of customs houses divide the industrial people of Europe. Here the people scattered over three million and a half square miles of territory have absolute free trade between states. Our people are possessed of the most resistless energy which has ever appeared in all history among any people in the world. Our population is replenished each year by about a million immigrants bringing not only millions of money, but, better still, fresh young life, energy and capacity to earn money and to create wealth. We use more labor-saving machinery than all the rest of the world combined. The St. Lawrence River and the Great Lakes extend more than a thousand miles inland and give us such a means of internal commerce as no other country in the world possesses. Our railways convey our products to the sea board at the lowest rates known in the world, and yet each four years the demagogue upon the stump entertains the American people with the same old story that we owe

all of our prosperity to protective tariffs. Without claiming the prosperity existing between 1846 and 1860 as a sole result of protective tariffs, let me give you the statistics. The national wealth as shown by the census of 1850 was \$7,136,000,000. After 10 years of the Walker Tariff, as reduced in 1857, the national wealth had increased, according to the census of 1860, to \$16,160,000,000, an increase of 126 per cent., the greatest percentage of increase that has ever occurred in the history of the country in any ten years' period. In 1850, according to Mr. Carroll D. Wright's work entitled "Industrial Evolution of the United States," the capital employed in manufacturing in the United States was \$533,000,000 in round numbers. In 1860 it had gone up to \$1,009,000,000 an increase of 89.4 per cent. When we compare this growth in manufacturing with the ten years between 1890 and 1900, we find that in 1890 the capital employed in manufacturing was \$6,500,000,000; in 1900 \$9,800,000,000, or an increase of 50.7 per cent., as against 89.4 per cent. between 1850 and 1860. The increase in the products of manufacture from 1850 to 1860 was 85.1 per cent. The increase between 1890 and 1900 was 38.9 per cent. only, or less than half the amount. Between 1850 and 1860 the railway mileage of the country increased from 9,000 miles to 30,600 miles, an increase of over 300 per cent., while from 1890 to 1900 it increased 19 per cent. In Grosvenor's "Does Protection Protect?" appears a



table showing the imports and exports per head of population between 1843 and 1860 in which it is stated that the annual average per head of population was :

	Imports	Exports
In 1843-46.....	\$ 4.66	\$5.22
In 1847-50.....	6.35	6.32
In 1851-55.....	9.10	7.35
In 1856-60.....	10.41	9.45

The imports and exports in million dollars were :

	Imports	Exports
Annual average of the four years 1843-46.....	92.7	100
“ “ “ “ “ 1847-50.....	138.3	136.8
“ “ “ “ five “ 1851-55.....	231	186.2
“ “ “ “ “ 1856-60.....	305	278.2

But the protectionists will tell you that in October of 1857, about seven months after the passage of the Act of 1857 reducing the duties, a great panic occurred, and that its cause was the reduction of the tariff. The crisis was anticipated at the time the tariff was passed. A surplus had accumulated in the United States Treasury, and the tariff was passed with the hope that it would serve to prevent the crisis, and that the money in the treasury would get out among the people in time to prevent the stringency which was already threatening. In August the Ohio Life and Trust Company, a chartered banking institution with two millions of capital and the agency for a large section of the West, suddenly failed. Its capital had been practically embezzled. Banks had been multiplying throughout the country during the period from 1846 with great rapidity. In 1851 a bank was started in the

City of New York for every month in the year. New York had become the banking center of the country, and between July and October of 1857 they called in their loans to the amount of 30 per cent. Upon the failure of the Ohio Life and Trust Company, a panic seized the New York banks, and, instead of standing by each other, they attempted to look out each for itself, and precipitated a crash throughout the country. The inflation caused by the Wild Cat State Bank bills, which were in circulation in those days, had led to so much speculation that a general panic over the country followed, but it was of short duration. Professor Sumner, of Yale, in his "History of American Currency," says of the panic of 1857: "The state of the currency was generally recognized as the root of the trouble." When Republicans with Whig antecedents attempted to pass an act increasing the duties in 1859, they failed. Alexander H. Rice, of Massachusetts, a member of the House, and actively engaged in manufacturing, said when the bill increasing the duties was under discussion: "The manufacturer asks no additional protection. He has learned that the greatest evil, next to a ruinous foreign competition, is excessive protection, which stimulates a ruinous and irresponsible competition at home." They had not learned in those days, as have our trust magnates to-day, to form trust combinations and smash the competition by excessively low prices in each locality where it appears, and having

destroyed it then to charge excessive prices to all consumers. In the year 1860 our country exhibited to the world the greatest prosperity it had ever known, and our exports in that year were considerably larger than in any prior year in the history of the country.

The duty enacted in 1857 failed to supply sufficient revenue for the support of the government and the Republicans prepared a bill increasing the duties which became a law in April, 1861. Then followed a series of acts known as the war tariffs. Nearly every month of the war some change was made in the duties in order to increase the revenue. Manufacturers did not apply to Congress for an increase of duties as they do now, but the duties were imposed for the purpose of obtaining revenue to support the government and of making return to the manufacturers for the heavy internal taxes imposed. On July 14, 1862, Mr. Morrill, of Vermont, then Chairman of the Ways and Means Committee, introduced a bill in the House of Representatives entitled "An Act increasing *temporarily* the duties on imports and for other purposes." Internal duties were again increased and to counterbalance these another increase of import duties was decreed by the Act of June 30, 1864. No statesman in those days attempted to justify these laws except upon the ground of the demands of war. For twenty years after the war these tariffs were known as the War Tariff. When introducing the Act of 1864, Mr. Morrill said:

"The present bill is not likely to suit everybody, and I regard it as only a temporary measure fit to be introduced because of the imperious necessities of our present condition." And again he says: "Although our present tariff in ordinary times would be likely to be denounced as prohibitive, the present bill is indispensable to preserve the aggregate of our internal revenue. When we impose a tax of 5 per cent. on our manufacturers and increase the tariff to the same extent upon foreign manufacturers, we leave them upon the same relative footing that they were at the start." Internal or excise duties were imposed in 1864 and prior thereto of \$2 a ton upon pig iron, \$3 a ton upon railroad iron, 2 cents a pound upon sugar, 6 cents a hundredweight upon salt, and 2 cents a pound on raw cotton. The amount of these internal taxes was estimated at about 15 per cent. In 1864 was passed the highest duty of the war, increasing the average duty upon imports under the Act of 1862 of 37.2 per cent. to 47.6 per cent. It was expressly understood that its passage was not only for the purpose of raising revenue for the support of government, but for the purpose of making a return to the manufacturers for the internal revenue duties upon their products. This is shown not only by the quotation from Mr. Morrill's statement to the House above, but by the fact that the bill was introduced on the 2nd day of June, 1864, and debated only for a day before its passage, that it went to the

Senate, and was there passed in a very short time, and that no special consideration was given to it, the whole debate in both houses being to the effect that it was simply a temporary act for revenue and for the purpose of making return to the manufacturers for the internal taxes. The Act of 1864, however, is the basis of our present tariff, and instead of being reduced the protective duties imposed by it have been greatly increased from time to time. For nearly forty years Congress has been steadily selecting from the Act of 1864 every product which did not compete with a home product and repealing the duty thereon, while it has been steadily increasing duties on the importation of all products which came into competition with home products. To-day duties are imposed simply to create monopoly. The internal revenue taxes of the war were repealed because the citizen knew he was paying them, while the tariff, which takes his property so deftly that he does not appreciate it, has not only been continued but increased.

In 1867 Mr. David A. Wells, then Special Commissioner of the Revenue and at that time a protectionist, although afterwards one of the most able and earnest of free traders, prepared a bill proposing reductions in the duties on raw materials such as scrap iron, coal, lumber, hemp, and flax. This bill passed the Senate, but failed to pass the House.

During the war there was a stoppage of the supply

of raw cotton and the production of wool and woolens increased. After the war the government no longer needed its woolens and they were thrown upon the market, the result being a depression in the woolen trade. As a consequence, in December, 1865, a few manufacturers of carpets, worsted goods and blankets called a convention at Syracuse, New York, of wool growers and manufacturers for the purpose of procuring from Congress a law increasing the duties upon wool. These duties were already very high, but the manufacturers agreed with the wool producers to give them any duties they wished upon the raw material if the wool growers would aid them in procuring an increased duty upon the manufactured cloth, and the result was the Act of 1867, whose main provisions are retained in the Dingley Tariff of 1897. By the terms of this act wool was divided into three classes, carpet, clothing, and combing wool. The first class included a grade of wool not produced in this country, but the other two classes of clothing and combing wools were made to pay duties as follows:

Value 32 cents or less, duty of 10 cents per pound and 11 per cent. *ad valorem*.

Value more than 32 cents, a duty of 12 cents per pound and 10 per cent. *ad valorem*.

This duty of 1867 was about double the duty of 1864, and the result was that the grade of wool chiefly used in the making of clothing was doubled in price. To

arrive at the compensatory duties of the manufacturer upon imported woolen cloth, it was calculated that four pounds of wool was used in making a pound of cloth, and if imported a duty of four times  $11\frac{1}{2}$  cents, or 46 cents, should be the compensating duty. Then, to include dyes and other expenses, it was fixed at 50 cents per pound and 35 per cent. ad valorem on imported woolen goods. The 35 per cent. ad valorem allowed the manufacturer over and above the compensatory duty was intended to cover internal taxes in an amount of 10 per cent. upon his manufactured product which had not been removed, so that he received protection to the amount of 25 per cent. As a matter of fact, however, the compensating duty was much too high and concealed a considerable amount of protection to the manufacturer, and the same has been true of the tariffs on wool ever since. By one method and another in the successive tariffs of 1883, 1890, and 1897, this ad valorem duty has been increased, until finally it has reached the amount of 55 per cent. The compensatory duty in the tariff of 1867 has been decreased, but it still contains a large amount of protection for the manufacturer.

A little before 1869 the Calumet and Hecla Mining Company was established. It owned the great copper mines near Marquette in Michigan. So rich were these copper deposits that the price of copper had fallen considerably between 1867 and 1869 and, although the

production was such that the mining company was exporting copper and selling it in foreign countries, in 1869 it asked Congress for an increase of duties. The duty before that time had been  $2\frac{1}{2}$  cents a pound on imported copper ingots, it was increased by the Act of 1869 to 5 cents per pound. President Johnson vetoed the bill and both houses by the necessary two-thirds vote passed it over his veto. In 1872 imported copper, after paying a duty of 5 cents a pound, could be sold in New York for 24 cents a pound. The owners of this copper mine sold their copper at about  $23\frac{1}{2}$  cents, just low enough to keep out the foreign product. The duty on copper proved so nearly prohibitive that in the year 1878, according to David A. Wells, the revenue received by the government from the importation of copper was only 5 cents, the duty on one pound. Until 1883 when the duty was decreased to 4 cents a pound the owners of this copper mine exported their copper and sold it in London on an average of about 15 cents a pound, while selling the same copper in New York at about 20 cents a pound. The English and Continental manufacturers of brass materials, being able to buy their copper from our countrymen for about 5 cents a pound less than it was sold in our own markets, used the American copper in the manufacture of brass and exported it to our country nearly ruining our manufacturers of brass. Finally, American manufacturers who wished to purchase copper cheap enough



to compete with the foreigner conceived the idea of buying it of the English purchasers of American copper. The copper was shipped to a purchaser in England, purchased from him by Americans, and returned at once in the original packages to the United States, thus avoiding paying a duty under the law. Then the mining company required every Englishman purchasing their copper to give a bond that he would not resell the copper purchased by him to an American. The eighty thousand watered shares of the Calumet and Hecla Mine, costing about \$15 a share, sold as high in those years as \$175 a share and produced quarterly dividends of \$5 a share, or 133 1-3 per cent. This mining company recently has been paying dividends upon its \$2,500,000 capital as follows: 1895, 60 per cent.; 1896, 100 per cent.; 1897, 120 per cent.; 1898, 160 per cent.; 1899, 280 per cent.; 1900, 320 per cent.; 1901, 260 per cent.; 1902, 100 per cent.; 1903, 140 per cent.

Since the days when the Calumet and Hecla Mining Company were selling their copper abroad at about 5 cents a pound less than they were selling it at home, hundreds of American manufacturers have imitated their example; and while these patriotic Americans have been selling their highly protected products to Europeans for less than they would sell them to our own people, they have been saying of those who opposed our outrageous tariff: "These people who would

reform the tariff serve the interests of Europe. We support the interests of America. Look at the people over there and think how much better off you are than they are. Your prosperity is the object of their envy. Your institutions the models of their imitation. Do you desire to compete with the pauper labor of Europe? Do you wish to let England manufacture for us?" And the modest uninformed American citizen votes for the protective tariff because it is the "American System." What irony to call such a system the "American System"!

In 1870 Congress imposed a duty of  $1\frac{1}{4}$  cents a pound, or \$28 per gross ton upon the importation of steel rails. The duty continued at this amount until 1883. By 1877 the average price of steel rails in England was only a little over \$31 per ton. After 1877 for a while the English price did not average so high as \$28 per ton. The duty of \$28, therefore, became equivalent to more than 100 per cent. on the foreign price. After 1879 for some years our manufacturers sold their steel rails at \$61 to \$67 per ton, while the same rails could have been purchased in England at \$31 to \$36 per ton. Congress, knowing the facts, nevertheless continued a duty of \$17 a ton on steel rails by the Act of 1883, of \$13.44 per ton under the McKinley Tariff, and to-day of \$7.84 under the Dingley Bill, although there has not been a year since 1880 when steel rails could not be manufactured in this country as cheaply as in England.

In 1870 the only supply of marble in the country was in a single district in Vermont. Competing marble came from Italy. The duty on marble in 1861 was 30 per cent., in 1862 it was raised to 40 per cent., in 1864 to 80 per cent. The internal revenue taxes on the manufactures of marble were removed in 1870. Notwithstanding this fact, the owners of the marble quarries in Vermont applied to Congress in that year for an increase of duty, and specific duties were imposed which were equivalent to from 100 to 150 per cent.

Nickel, like marble, was produced in one locality in the country. Mr. Joseph Wharton, of Philadelphia, was the owner of the nickel mine. He had been very industrious in persuading Congress during the war to impose duties upon the foreign product which competed with his nickel and had secured a duty of 15 cents by the Act of 1864. By 1870 he had induced Congress to increase the duty to 30 cents per pound, or about 40 per cent. on the value of the nickel, and by the aid of this tariff built up a great fortune.

By 1872 all the internal duties which had any connection with protective duties had disappeared. There was at this time in the United States Treasury a surplus revenue of \$100,000,000 which had accrued from the tariff after paying all appropriations and all interest on the public debt. The Congressmen of those days had not learned so well as in our day how to reduce a

surplus. The people of the West complained bitterly of the burdens of the tariff, and in that year the Ways and Means Committee reported a bill providing for a reduction of the duties upon a large number of imports. Mr. Dawes, the chairman of the Committee, was opposed to the bill and so another member of the Committee, Mr. Finklenberg, of Missouri, introduced the measure, saying that it was intended merely to "divest some industries of the superabundant protection which smells of monopoly and which it was never intended they should enjoy after the war." The Constitution of the United States provides that bills for the raising of revenue shall originate in the House of Representatives. But of what matter is the Constitution when Senators desire to aid their friends, the manufacturers? The Senate, notwithstanding this provision in the Constitution, seeing that the popular feeling would result in the passage of the bill in the House of Representatives, themselves, in conjunction with the manufacturers, prepared a bill providing for a horizontal reduction of 10 per cent. of all protective duties. The result was that the bill originating in the House of Representatives was side-tracked and the Senate bill passed. Mr. John L. Hayes, the Secretary of the Wool Manufacturers' Association, and who later became President of the Tariff Commission of 1882, took charge of this bill at Washington for the Wool Manufacturers' Association, and after the desired result was

accomplished, in a speech which he made, spoke of "the grand result of a tariff bill reducing duties fifty-three millions of dollars and yet leaving the great industries almost intact. The present tariff [of 1872] was made by our friends in the interest of protection. . . . A reduction of over fifty million of dollars, and yet taking only a shaving off from the protection duties." Mr. Dawes, of Massachusetts, the Chairman of the Committee on Ways and Means, was most active in the House of Representatives in bringing about this act of 1872, and in 1875 he drafted a bill to restore the ten per cent. With little public attention his bill was passed by both Houses of Congress and the country was back to the duty before 1872. The Act of 1872, however, had removed the duties on tea, coffee, wines, sugar, molasses, and spices and had gotten rid of about every duty upon imports which did not compete with our own products. These were not restored. This method of legislating to get rid of duties upon imports which did not come into competition with any home product, and which produced revenue only to the government and could not be used for the purpose of plundering the people was steadily pursued in all the tariffs between the end of the war and the Dingley Bill.

In 1882 there being a large surplus in the Treasury occasioned by the collection of excessive duties, Congress passed an Act for the appointment of a tariff commission which was to report at the next session of

Congress any changes in the tariff which it thought desirable. The President of the Commission was Mr. John L. Hayes, mentioned above, the Secretary of the Wool Manufacturers' Association. The majority of this committee were protectionists, and yet so outrageously high were the duties that they unanimously reported in favor of a reduction of 20 per cent. or more. The House, having passed a bill for the reduction of certain internal taxes, the Senate tacked to this bill an amendment reducing the duties, pursuant to the advice of the Tariff Commission. But when the bill reached the House, a curious transaction occurred. A two-thirds vote under the then existing rules was required to bring the Senate bill before the House, but such majority could not be obtained, although a majority of the members of the House were in favor of concurring with the Senate. The protectionists wished to have the bill referred to a conference committee where it could be amended in the interests of their clients, the manufacturers, and Mr. Reed, of Maine, was equal to the occasion. He moved the adoption by the House of a new rule by which a bare majority of the House could take up a bill amended by the Senate for the purpose of non-concurrence in the Senate's amendments, but not for the purpose of concurrence. This resulted in the appointment of a conference committee to settle the details of the bill and the tariff act of 1883, the only revision up till that time of the tariff

act of 1864, was settled by a conference committee, as desired by the protectionists in the House. Nearly twenty years had passed since the war ended. All of the internal taxation affecting protective duties had been repealed as early as 1872. The people of the country wished the tariff duties reduced, the tariff commission composed of protectionists had reported in favor of a reduction of at least 20 per cent., the existing duty had brought a surplus revenue into the treasury of over \$100,000,000 annually since 1879, and, notwithstanding all these facts, Congress passed the tariff act of 1883, again increasing the duties on dress goods made wholly of wool and on the finer grades of cloths and cassimeres. A duty of 35 per cent. had been imposed in 1864 on cotton hosiery, embroideries, trimmings, and laces at a time when raw cotton was taxed heavily. Notwithstanding that the internal taxes had been removed, this rate remained unchanged from 1864 to 1883, and Congress in 1883 increased that duty to 40 per cent. It imposed a duty of 75 cents per ton on iron ore, and increased the duties on cogged ingots, rods, piston rods, and steamer shafts. It increased the ad valorem duties on the finer classes of imported woollens from 35 per cent. to 40 per cent. It changed the duty from \$7 a ton on pig iron to \$6.72, and changed the duty upon copper from 5 cents a pound to 4 cents. Mr. John L. Hayes, the President of the Tariff Commission and Secretary of the Wool

Manufacturers' Association, expressed his approval of the duties on wool and woolens in the new tariff saying: "Reduction in itself was by no means desirable to us; it was a concession to public sentiment, a bending of the top and branches to the wind of public opinion to save the trunk of the protective system. In a word, the object was *protection through reduction*; we were willing to concede only to save the essentials both of the wool and woolens tariff. . . . We wanted the tariff to be made by our friends." How long will the American people continue to allow the tariffs to be made by men in Congress who are actually manufacturers or interested in corporations which are receiving great benefits from the tariff? How much longer will the American people continue to allow tariffs to be made by the friends of the manufacturers? Is it not about time that the consumers through their representatives have something to do with the making of tariffs? In 1884 Mr. Morrison, of Illinois, introduced . . . in the House of Representatives a bill providing for a general reduction of tariff duties of 20 per cent. and the entire remission of duties on iron ore, coal, lumber, and other articles. The measure met with vehement opposition on the ground that it provided for a horizontal reduction, although Congress in 1872 had by the act of that year provided for just such a reduction, and the enacting clause was stricken out by a vote of 156 to 151. Again in 1886 he introduced a new meas-



ure providing for detailed changes and reductions of duties and this was defeated by a vote of 157 to 140. In 1886 Mr. Mills introduced a bill for the reduction of duties and it also was defeated, while in the same year in the Senate a bill was prepared but not passed increasing the duties.

The issue in the campaign of 1888 was the tariff, a large surplus having accumulated again, and Mr. Harrison was elected president, the vote of New York being decisive of the issue. Then came the McKinley Tariff of 1890 establishing the highest duties which the country had known up till that time. By that act the average ad valorem duty on dutiable imports was made upwards of 50 per cent. The duties were largely what are known as compound duties consisting of both specific and ad valorem duties, duties which necessarily and invariably tax the purchaser of the cheaper grade of goods much higher than the purchaser of the more costly grades. Upon hundreds of articles under the McKinley Bill specific duties only by the pound, yard, and gallon were imposed. The duty upon pearl buttons under that bill affords a good illustration of the effect of such duties. The specific duty imposed was  $2\frac{1}{2}$  cents per line, and the ad valorem duty 25 per cent. Certain grades of buttons were of low value and other grades were very costly. The result was that upon the cheapest grades it was necessary to pay a duty of 280 per cent., while upon the costlier grades

the duty was only 60 per cent. I quote from the report of the minority of the committee on Ways and Means of 1890 as to the effect of such duties in the McKinley Bill: "The lowest grades of woolen yarn, worth not over thirty cents per pound, are to be subjected to a duty of 112 per cent., while the most costly yarn will pay 72 per cent. One grade of coarse, cheap blankets will be required to pay 106 per cent., but the finest blanket will pay 72 per cent. The coarsest and cheapest woolen hats will be subject to a duty of 111 per cent., and the finest to 66 per cent. Women's and children's cheapest dress goods with cotton warp are to be taxed 106 per cent., and the finest 73 per cent. The lowest grade of woolen cloth will pay 125 per cent., and the highest grade 86 per cent. The cheapest qualities of knit goods for underwear range from 112 to 138 per cent., but the finest and most expensive will pay 78 per cent. Woolen shawls of the coarsest grade used by the poorest people will pay 135 per cent. duty, and worsted goods of the lowest grade will pay 130 per cent., while the highest grade will pay 90 per cent." Specific duties are continued in the Dingley Tariff. As further illustrating the nature of this tariff, attention should be called to the woolen schedule, which provides that if woolen cloth worth between 30 and 40 cents per pound is imported, the duty should be  $38\frac{1}{2}$  cents per pound, plus 40 per cent. Thus on goods valued at between 30 and 40 cents a

pound the compensating duty was fixed at 38½ cents, a sum larger than the whole cost of the foreign article, without considering the 40 per cent. in addition thereto. Will the American people ever see the outrageous nature of such tariffs? The duty on women's and children's dress goods had been raised in 1883 above the rates of 1867, and in the McKinley Tariff they were raised still further to a duty equivalent to over 100 per cent. on their foreign value.

Protectionists have steadily misrepresented the nature of the Wilson Tariff passed in August, 1894. They invariably describe it as a free-trade measure and as the cause of the panic which occurred more than a year before its passage. Instead of its being a free-trade measure it was highly protective in every feature. The average ad valorem rate of duty on dutiable imports actually imported under the Wilson Bill for the year ending July 1, 1897, was 42.17 per cent.; the average duty upon dutiable imports under the tariff of 1883 for the year ending July 1, 1884, was 41.60 per cent.; while the average ad valorem rate of duty for the year ending July 1, 1864, toward the end of the Civil War, was 36.69 per cent. Yet protectionists declare that the Wilson Bill, a clearly protectionist measure, instituted a period of free trade. The Wilson Bill removed the duty on wool, thus making a compensating duty to the manufacturer unnecessary, but it left the ad valorem duty of 50 per cent. The manufactur-

ers complained of this, and their complaint is very good evidence that the compensating duty in the prior tariffs had been higher than was necessary to off-set the duty upon wool. It changed the specific duty on raw sugar to an ad valorem duty of 40 per cent., and left the duty of one-eighth of one per cent. on refined sugar imposed by the McKinley Bill, adding thereto a duty of one-tenth of a cent per pound on refined sugar coming from countries that gave an export bounty. In the discussion which occurred over the sugar duty Senator Aldrich, Republican Senator from Rhode Island, said: "Certain persons not known to the Constitution, or the laws, not recognized as any part of the national government, have demanded that certain provisions [referring to the sugar schedule] shall be written in the statutes of the United States and the members of a great party cravenly submit to these demands." At the time of the passage of the bill sugar stock rose in a day or two from  $95\frac{7}{8}$  to  $106\frac{1}{2}$ . Three years pass, and Senator Aldrich, no longer indignant at dictation from the sugar trust, with his associates "cravenly" enacts a new sugar tariff dictated by the same trust and sugar stock goes up with a bound from 110 to 146, putting \$13,000,000 into the pockets of the stockholder. An investigation was instituted to examine the charges that improper means had been used by the American Sugar Company to bring about the passage of the provision as to the duty upon refined

sugar in the Wilson Bill, and upon that investigation Mr. Havemeyer testified as follows: "The sugar trust makes it a rule to make political contributions to the Republican party in Republican states and to the Democratic party in Democratic states. . . . We get a good deal of protection from our contributions. . . . Our company has made considerable money out of the McKinley Bill." Can the consumer be secured justice when the trust controls a considerable number of Senators in both parties? There is no reasonable doubt that the provisions of the Wilson Bill as to the duties on sugar, and of the Dingley Bill as well, were the result to some extent of improper influences. The duties on wire nails in the Wilson Bill were high enough, so that the makers of wire nails could frame a pool on May 1, 1895, and raise the base price of wire nails from \$.85 on that day to \$3.05 a little over a year later. The duties in the Wilson Bill were high enough on steel ingots and steel rods, so that between April and September, 1895, steel billets rose 60 per cent. Surely the men representing the Democratic party in the United States Senate in 1894 sorely abused the confidence which voters had placed in that party, and the Wilson Bill which they passed, instead of being a free trade measure, was but little better than the McKinley Bill which it superseded. It was repealed within a period of about two and a half years, and surely a sufficient time had not passed to determine

whether or no it was an improvement over the McKinley Bill.

The panic of 1893 and the subsequent depression clearly came from causes existing at the time Mr. Cleveland became president. At the end of his first administration the National Treasury was overflowing with money, but the first Congress of Mr. Harrison's administration cut off \$50,000,000 of the public income by the passage of the McKinley Bill, imposing duties so high as to keep foreign imports out of the country. The same Congress added \$50,000,000 to the ordinary expenditures of government. It borrowed \$50,000,000 of the national banks by turning the redemption fund into the treasury, and it added over \$150,000,000 to the legal-tender currency of the country redeemable in gold, while it diverted an equal amount of the public revenue to the purchase of pig silver at much more than its real value, to be stacked in the treasury vaults. For several months before the 4th day of March, 1893, Mr. Foster, Secretary of the Treasury, was represented in the public newspapers as contemplating the immediate issue of bonds to be sold to raise funds to supply the deficiency, but by hook or crook this was tided over until the 4th day of March, 1893, when he turned over the Treasury, practically bankrupt, to the new administration, and the financial crisis was already at hand. A shortage of crops in our own country, the low price of wheat prevailing here,

together with large crops in the countries of our competitors and the general depression then prevailing throughout European countries, together with the other above stated causes, easily accounts for the financial depression of 1893 and 1894.

If the history given here does not show that the existing tariff is protection gone mad, then I know not the inferences to be drawn from facts. The War Tariff was imposed with a distinct understanding that it was to be removed when the internal duties upon manufactured products and manufacturers were repealed. All the statements made by Congressmen at that time tend to show this. When the war was over and the internal duties had been removed, the people had the right to have the burdens of protection also taken off, but scattered over our entire territory they were weak compared with the few hundreds or thousands of manufacturers who had access to Congressmen. The people, absorbed in their daily tasks, are unable to follow the details of so complicated a question as the tariff, and they relied, and had a right to rely, upon their Representatives in Congress to care for their interests. Members of the House and of the Senate have been recreant to their duty to the people in allowing the Tariff of 1864 not only to continue, but to have its duties in many cases almost doubled. There is no justification of our existing tariff. Every intelligent man knows this, and yet so weak is the

public spirit of this country, and so strong are special interests that this terrible injustice continues. The average ad valorem duties upon dutiable imports, to which I have referred so frequently in this chapter, do not correctly describe the real condition of the tariff.

The specific duties found in the Dingley Bill hide from public view the real power of prohibiting the importation of foreign imports. The importation of the lower grades and values of hundreds of commodities is actually prohibited by these specific duties. The result is that upon the coarser and cheaper grades of its manufactured articles the trust can increase the price extorted from the poor in many cases a hundred per cent. Since the Tariff of 1864 the average of the combined ad valorem and specific duties upon dutiable imports has been higher under the various acts passed by Congress than those imposed during the same period by any other country in the world. The existing Russian duty apparently is higher than ours, but we are actually collecting, and have been collecting for nearly forty years, the highest duties on dutiable imports of any country in the world.



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## CHAPTER IX

### HOW ENGLAND GOT FREE TRADE

THERE is no history in the world more interesting than the struggle of Englishmen for industrial freedom. The conditions existing for centuries before the agitation for the repeal of the Corn Laws bore with great severity upon the people. From the twelfth to the fifteenth century the local trade of towns was regulated by the merchant and craft guilds, the manufacture of cloth being restricted to certain towns and a monopoly given to their guilds. A statute of Edward III enumerates ten staple towns in England that paid for the monopoly they enjoyed and gives the customs duties payable on the goods sold there. During the reign of the same monarch a statute was passed regulating the clothing of the people and describing what apparel might or might not be worn by the different classes. In the reign of Edward VI certain saddlers of England were given a monopoly of trade in leather, which continued until the cobblers petitioned Parliament against it. Parliament then abolished the monopoly, saying, "Since the making of the statute all kinds of leather are more slenderly and deceitfully

wrought and made than ever before, but nevertheless dear or dearer." In the reign of Elizabeth it was a capital offence for a man a second time to export wool or English rams. In the reign of Charles II, for the protection of the makers of woollen cloth, an act was passed requiring that every dead body should be buried in a woollen shroud. The people, however, did not die fast enough to suit the weavers, and so in the reign of George I Parliament enacted, for the encouragement of the woollen and silk trades, that a person wearing a garment of calico should be subjected to a fine of £5, and any person selling it should be liable to a fine of £20. Under Elizabeth not only were monopolies granted to her courtiers to sell the necessities of life, but the exclusive rights of trading in different parts of the world were granted. The Russia Company formed in 1553, the Baltic Company in 1579, the Levant Company in 1581, the Guinea Company in 1588, and the East India Company in 1600, were some of these companies. In a pamphlet published in 1664 by Thomas Mun, called "England's Treasure by Foreign Trade," the mercantilist theory of trading which prevailed in that day is explained "to consist in keeping imports less than exports, thus to secure a favorable balance, and provide an abundance of money which could be drawn upon in time of need." This is the theory of our enlightened protectionists to-day. Not only were there duties upon imports, but also upon exports of many

commodities like coal, timber, wool and others. Sir Robert Walpole, as Prime Minister in the reign of George I, advised the removal of export duties, and pursuant to his advice they were taken off of more than a hundred articles of British manufacture, while forty articles of raw material were allowed to be imported without duty. William Pitt, the great Prime Minister, had a strong leaning toward free trade. He entered upon a course of economic reforms by a commercial treaty with France in 1786, but the war of 1793 with France brought not only his reforms to an end, but produced conditions which renewed and intensified the protective policy. At the end of the eighteenth century there were 1550 articles on the English customs tariff and 2,090 on the Irish. The customs laws of England made six heavy folio volumes. All duties were heavy and many were prohibitory. Between 1797 and 1815 six hundred separate acts affecting duties were passed. In the early part of the nineteenth century a series of conspiracy acts were passed prohibiting combinations and preventing workmen from selling their labor by collective bargaining. It was a crime at that time in England for a laboring man to belong to a labor union. What was known as the Act of Settlement interfered with the free movement of labor in search of employment and kept the laboring man in the parish where he was born.

During the Napoleonic Wars Great Britain sought

to cut off the trade between France and her colonies, and France endeavored to exclude from the Continent the importation of British goods. The decrees of Napoleon and the British Orders in Council destroyed trade between the countries, except such as was carried on by smuggling. At the close of the Napoleonic War in 1815 Great Britain found herself with a debt of £860,000,000 and taxation (which was £17,000,000 annually before the war) amounting to £72,000,000 annually for a population numbering less than twenty million people. Notwithstanding the great necessities for revenue, the income tax prevailing during the war and at the time of its close was repealed, and the country commenced imposing duties upon all imports and especially upon corn. Half the foreign goods brought into England from France were smuggled. In 1842 Sir Robert Peel, in the discussion over his bill to reduce duties, read a circular in the House of Commons in which lace, gloves, and other French goods were offered to a London firm at rates "considerably below your custom house duties." By 1820 the burdens of the protective tariff had become so grievous that petition after petition came from different parts of Great Britain to the House of Commons complaining of the injustice of the restrictive system and asking for freedom of trade except so far as duties were necessary for revenue. The answer of government was, "The difficulty of the reform of taxation is the vested interests

which have grown up and which would be imperiled if any attempt were made at such a design." About 1824 or 1825 Mr. Huskinson, President of the Board of Trade, carried on a series of financial reforms for about four years reducing the tariff restrictions upon many imports. He endeavored especially to reduce the duties on raw materials and succeeded in lowering many. Mr. Huskinson's opinion of the protective system is found in these words: "We are far behind other nations in this industry [manufacturing of silk]; it [protection] has a chilling and benumbing effect and men are rendered indifferent to exertion by the security of a prohibitory system." The most oppressive of all the protective duties were the Corn Laws, a general description for duties upon the importation of grain. In 1824 foreign wheat was prohibited from entering the Kingdom until the current price was equal to 70s. a quarter of a ton's weight, or 8 bushels. When the price reached 85s. a quarter, the duty was reduced to its lowest, which was 5s. 2d. per quarter. Under such protection wheat rose at times as high as 112s. per quarter. Terrible distress prevailed between 1820 and 1832, but there was no relief for the people in Parliament. The members of the House of Lords were the great landowners of England, and they regarded high prices as beneficial to their interests. A considerable proportion of the members of the House of Commons represented what were known as rotten boroughs,

owned by members of the House of Lords. The Duke of Norfolk owned or controlled eleven members in the House of Commons, men representing boroughs in his domain. Lord Lonsdale controlled nine, Lord Darlington seven, the Duke of Rutland, the Marquis of Buckingham and Lord Carrington six each. In this way the House of Lords was all-powerful in control of the Commons. While many of these boroughs had only a few voters, and one of them but a single elector, the great cities of Birmingham, Manchester, Glasgow, and Bath were inadequately represented. The Reform Bill in 1832 swept away this abuse, extended the franchise very widely and gave the great cities representation in the House of Commons. It was the Reform Act of 1832 that rendered the repeal of the Corn Laws possible. Although duties were imposed upon thousands of imported commodities, the most were so high as to be prohibitive, and the revenue received from the customs amounting to £23,000,000 was nearly all collected on about twenty commodities. Such was the condition of England when the movement which we are now to describe commenced.

In 1837 King William IV died, and Victoria became Queen of England. The conditions of the laboring people both in the manufacturing and agricultural industries in England at that time were so terrible that the truth would seem an exaggeration. In a land possessing the greatest wealth existing at that time and

loaning money in industrial undertakings all over the world, the laboring men in manufacturing and agriculture were actually starving, and they were starving because the law practically prohibited the importation of food and the home supply was insufficient. Early in 1837 an Anti-Corn Law Association was started in London, consisting of seventy-four members, but it seems to have taken no further action. In February of that year Mr. Richard Cobden attempted to induce the Manchester Chamber of Commerce to take up the subject of the repeal of the Corn Laws, but without success. In March, 1838, Mr. Charles P. Villiers, a brother of the Earl of Clarendon and Member from Wolverhampton, then a young man, brought forward in the House of Commons a motion to inquire into the operation of the Corn Laws, and repeated it each year thereafter until their repeal. In answer to a petition in that year for a repeal of the Corn Laws, Lord Melbourne, the Whig Prime Minister, replied, "that the government would not move until they were assured a majority of the people were in favor of a change." That is the reply of the protectionists in our Congress to-day—"We will stand pat until the people direct us to act." And that will always be the attitude of Congress until the people throw up party allegiance and carry on the battle outside of party lines. The struggle in England, however, had been commenced by men who knew how to deal blows effectively and to gather

millions of voters behind them in spite of party lines. In September, 1838, Doctor Bowring, an enthusiastic advocate of free trade, lectured in Manchester to about sixty people who were opposed to the Corn Law. He advanced with great force the argument that the depression in manufacturing in England resulted from shutting out the imports of corn and so shutting in their cotton, woolens, silk and other manufactured goods. "In France," he said "there are millions willing to clothe themselves in English garments and you have millions of hungry mouths to take their corn. In Hungary, not being able to sell their corn, the people are turning their capital to manufacturing their own cloth. Universal trade is the means of preventing war, for who quarrels with his benefactors, with those who confer benefits and blessings?" To this meeting the Anti-Corn Law League owes its origin. Seven enthusiastic men met on the 24th of the same month and decided to form the association. On the 13th of October a committee of thirty-eight members was advertised, including the names of many who were afterwards prominent speakers in the agitation, among them being the names of Richard Cobden and John Bright. At the request of this Anti-Corn Law Association the Manchester Chamber of Commerce called a meeting and adopted a resolution drafted by Mr. Cobden demanding "the repeal of all laws relating to the importation of foreign corn and other foreign arti-



cles of subsistence and the removal of all obstacles to the unrestricted employment of industry and capital."

Richard Cobden, the leader of the contest from now on, was one of eleven children, the son of a small struggling farmer in Sussex. At the expense of a relative he attended a small Yorkshire school for five years and then entered the office of his uncle, a cotton merchant in London. At twenty-one he was a commercial traveler selling cotton goods. All the spare hours in his work for his uncle and upon the road were given to the study of the French language, of English history, literature and political economy. After a few years' experience as a commercial traveler, he, with two other young men, started business as commission agents in cotton goods. They afterwards became cotton printers, and Mr. Cobden accumulated some money in this business. Then his thirst for knowledge caused him to travel widely through France, Switzerland, the United States, Eastern Europe, and Asia Minor. He closely observed and studied the institutions of all the countries he visited. When in the United States he made some small investments in the industries of that day, especially becoming interested in the Illinois Central Railway. He was a great admirer of our institutions, and Richard Cobden and John Bright were the firm friends and advocates of the Northern cause during the Civil War. One would hardly expect from such a training exact and critical knowledge of history

and political economy, yet it is the testimony of about all the great men with whom he came in contact that Mr. Cobden was equipped with the most exact and thorough knowledge in economic subjects and practical affairs of any man of his time. In addition to his mastery of facts, he had the rare gift of clear, terse, straightforward statement.

A considerable proportion of the members of the Anti-Corn Law Association were manufacturers. England had availed herself from the middle of the eighteenth century of the inventions in spinning and weaving of Wyatt, Hargreaves, Arkwright, Crompton, and Cartwright, and these industries, together with others, had reached a point where England depended upon foreign markets for the sale of a large surplus of her manufactures. The Corn Laws and the other duties shut out imports, and the manufacturers came to see that whatever shut out imports shut in their product. Moreover, the Corn Laws had made food so scarce and so high that the laboring men could not live upon their daily wages, and the result was that a large proportion of the manufacturers in England were opposed to the Corn Laws. Their position was that the tax on imports had practically closed the foreign markets to their commodities which the foreigners were willing to take in exchange for corn and wheat. They maintained that the government by its system of protection had brought about a like system on the part of

the United States and Prussia and Russia, and as a result they had to pay duties to get their exports into these countries, then exchange them for the foreign export, and finally lose any profit by paying an import duty on the exchange product into England. Undoubtedly considerations of this kind were powerful in bringing about the organization of the Anti-Corn Law Association, but this class interest of the manufacturers as the battle went on broadened out into patriotism.

In February, 1839, deputies of the Anti-Corn Law Association appeared in the House of Commons and asked through Mr. Villiers that they be allowed to offer evidence and present a petition at the bar of the House of Commons. This was about the time when John Quincy Adams in our own country was attempting to present petitions against slavery, and Adams and the Anti-Corn Law Association both found that their petitions were presented to those who were pecuniarily interested in maintaining the institution which they assailed. The answer of Lord Melbourne, the Prime Minister of the Whig Party, to the petition was that to abolish protection of agriculture "was the wildest and maddest scheme ever entered into the imagination of man to conceive." In March of the same year the voluntary association called the Anti-Corn Law Association was superseded by an incorporated body known as the Anti-Corn Law League, its object being to continue the agitation against the Corn Laws until

they were repealed. The new League commenced raising money, employing lecturers, printing and circulating pamphlets, and instructing and organizing the country against the Corn Laws. They continued this for seven years until they had convinced the people, the leaders of both the Whig and the Conservative party, the Queen, and a large majority of the members of the House of Commons and of the Lords that the Corn Laws and the whole protective system ought to be repealed. The discussion of the Reform Bill and the enfranchisement of the large body of voters had stimulated the mental faculties of men and aroused in them a craving thirst for knowledge, and to these men newly franchised the speakers of the League went out. They battled side by side with another body of men known as the Chartists. The Chartists were a democratic and to some extent a revolutionary body seeking a radical change in the political constitution of England and their demands were:

First. Universal suffrage.

Second. Vote by ballot.

Third. Annual Parliaments.

Fourth. Equal electoral districts.

Fifth. No property qualification for members of Parliament.

Sixth. Payment of members.

The Chartists, numbering hundreds of thousands of laboring men, steadily battled against the Anti-Corn

Law League and frequently broke up its meetings. The leaders of the Chartist movement instructed their audiences that high prices of food insured high wages, just as the protectionist in our day argues to the laboring men that high prices of the necessities of life insure high wages.

A paper called the *Anti-Corn Law Circular* was started to spread the teachings of the League and attained a wide circulation. The largest number of members of the League came from Manchester, and there, in the early stages of the movement, the greatest interest appeared. Mr. Cobden was the owner of the spot where the great mass meeting was held in 1819 and where the Peterloo massacre occurred, and he gave it to the League as a site for a building, and there, in 1843, arose the famous Free Trade Hall.

In May, 1840, Mr. Joseph Hume, in the House of Commons succeeded in obtaining the appointment of a committee to inquire "into the several duties levied upon imports and how far those duties were for revenue only or for protection." The examination of this committee brought to public attention the difference between taxation for revenue and taxation for protection, and it appeared that the greater part of the duties were either prohibitive in their nature or restricted importations to such an extent as to afford little or no revenue. In 1841 the League commenced sending out lecturers. Party politics were

entirely discarded, and the members of the League devoted themselves exclusively to the question of the removal of the tax on bread. Neither political party gave them any countenance. The Tories were firm in their support of protection and the sliding scale of duty on corn, and the Whigs who were in office at the time professed to advocate a moderate fixed duty upon corn. Upon the report of the Import Duties Committee referred to above Lord John Russell, the leader of the Whig party, seeing the popularity of the agitation of the Anti-Corn Law League, proposed in his budget for 1841 to replace the sliding scale by a fixed duty of 8s. per quarter on wheat, 4s. 6d. per quarter on barley, and 3s. 6d. on oats, and to modify the duties upon sugar and timber. The issue with the Tory party having been joined over this proposal, the Whigs were defeated, and Sir Robert Peel, the leader of the Tory party, proposed a vote of want of confidence which was carried in the House of Commons by a majority of only one, and the government appealed to the country. In that election the Anti-Corn Law League in some districts nominated candidates who were free traders; in other districts where they had followers they supported the Whig candidates. Several members in favor of the repeal of the Corn Laws, among them Mr. Cobden, were elected, but the Tories succeeded in carrying the country, and came into office with a majority of nearly a hundred votes.

From the commencement of the administration of Sir Robert Peel in September, 1841, the struggle which resulted in bringing free trade to England becomes intense, and it is of great importance that the reader shall see clearly the parties in that struggle and their attitude toward each other. Sir Robert Peel was himself a man of aristocratic tendencies and of great wealth, but possessed a clear and logical mind and generous feelings. He was the leader of the Conservative Party the members of which were personally interested as landowners in the continuance of the Corn Laws. The Whig party was also a protectionist party, led by Sir John Russell; but at the commencement of the administration of Sir Robert Peel they attempted to unite with the free traders to embarrass his administration. Mr. Cobden and his followers refused to make any alliance with either party, and in his first speech he declared: "I call myself neither Whig nor Tory, I am a free trader," and under this banner, and pursuing this policy, he fought until the battle was won. So the reader will see that both parties were hostile to the repeal of the Corn Laws and that the battle could be won only by convincing the people that the Corn Laws were a cruel injustice and ought to be repealed. It was different, however, with the duties on manufactured products. The large body of the manufacturers had come to believe that these duties were a hindrance rather than an aid to them, although there were many who

desired protection for their particular branch of manufacture; and while a large majority of members of the House of Commons from both parties and the almost united interest of the Lords were supporting the Corn Laws, there was no organized opposition to the repeal of duties upon manufactured products. Sir Robert Peel, in the fall of 1841, as his action afterwards tended to show, probably had come to believe that the whole protective system was wrong. But practically all of the members of the Conservative party in the House of Commons of which he was leader were opposed to the repeal of the Corn Laws, and so he proceeded cautiously and wisely to relieve England of the curse of protection. Cobden many years afterwards said of Sir Robert Peel: "My own conviction is that Peel was always a free trader in theory; in fact, on all political economical questions he was always as sound in the abstract as Adam Smith or Bentham. . . . It was a question of numbers with him; and as he was yoked with a majority opposed, he was obliged to go their pace and not his own." Sir Robert Peel excited great astonishment in his first budget. Its cardinal point was the imposition of a revenue tax of 7d. per pound on income, amounting to £1,200,000 a year. In connection with this direct tax he proposed to abolish and reduce the duties on 750 articles on which high duties had been imposed. His object as he set forth was to reduce the duties on the raw materials which constituted



the elements of manufacture to an almost nominal amount, on half manufactured articles which entered almost as much as raw material into domestic manufactures to a small amount, and on articles completely manufactured sufficiently to enable the home producer to compete fairly with the foreign manufacturer, and also to reduce to a considerable extent the cost of living. "If," said Cobden and his followers in their discussions before the people, "it was the object of Sir Robert Peel to reduce the cost of living, and he wished to do this effectually, why did he not reduce the duties upon the agricultural products which were the people's food?" Sir Robert Peel, however, knew that he could not carry his party at that time for such a measure, so he sought to remove the duties upon raw materials and to reduce largely the duties upon many other imports in order to procure a sufficient income for government while his authority was still paramount with his party. Then if the experiment proved successful, to take another step. It did prove successful beyond his highest hopes. The revenue of government was greatly increased while the manufacturers were relieved from serious burdens and their exporting enlarged by reason of the cheaper production through decreased cost of raw material. While Mr. Cobden and his followers in the House of Commons did not oppose the reforms of Sir Robert Peel, they introduced yearly a motion calling for the repeal of the Corn Laws and Mr. Cobden

spoke with great force and ability upon this motion depicting with pathos the terrible condition of the poor of England. In Manchester alone 116 mills had stopped work, two thousand families were reduced to such want as to have pawned even their beds, twelve thousand families were receiving poor relief and thousands subsisted on charity. Out of 50 mills in Bolton 30 were idle and 6,995 persons, whose average earnings were only 13d. a week, were aided in one month by the Poor Protection Society. Similar conditions prevailed throughout all the cities in England, and while the working classes were on the verge of starvation, British corn was 65s. a quarter and the duty on foreign wheat was 24s. 8d. per quarter. After describing the great supplies of corn in America Mr. Cobden said: "Suppose now that it were but the Thames instead of "the Atlantic which divided the two countries—sup- "pose the people on the one side were mechanics and "artisans, capable by their industry of producing a vast "supply of manufactures; and that the people on the "other side were agriculturalists, producing infinitely "more than they could themselves consume of corn, "pork, or beef—fancy these two separate peoples anx- "ious and willing to exchange with each other the prod- "uce of their common industry, and fancy a demon ris- "ing from the middle of the river—for I cannot imagine "anything human in such a position and performing "such an office—fancy a demon rising from the river,

“and holding in his hand an Act of Parliament, and “saying, ‘you shall not supply each other’s wants;’ and “then, in addition to that, let it be supposed that this “demon said to his victim with an affected smile, ‘This “is for your benefit; I do it entirely for your protec- “tion!’ Where is the difference between the Thames “and the Atlantic?”

It was about the time of Mr. Cobden’s election to the House of Commons that he enlisted John Bright in the free trade campaign. Years afterwards Mr. Bright told the story of how it occurred. Only thirty-eight years old he had just suffered a deep affliction in the loss of his young wife and was overwhelmed with grief when Cobden called to condole with him. Before leaving, Cobden said: “There are thousands of houses in England at this moment where wives, mothers, and children are dying of hunger. Now, when the first paroxysm of your grief is past, I would advise you to come with me, and we will never rest till the Corn Law is repealed.”

During the Session of the House of Commons in 1842, 2,881 separate petitions, signed by 1,540,755 persons, were presented in support of the total repeal of the Corn Laws. Sir Robert Peel, however, replied to these petitions that special burdens were imposed upon the agriculturalists in the nature of taxes, that he was also impressed with a fear of dependence upon other countries for the food of the people of England, and

that he desired to keep the price of wheat between 54s. and 58s. a quarter as a remunerative price for agriculture. To accomplish this, he proposed a law commencing with a duty of 20s. when wheat was as low as 51s. and falling to 1s. when it reached 73s. Upon this proposition Mr. Cobden spoke with great force, urging that it was a fallacy that high prices made high wages, and showing that the wages of agricultural laborers had been higher when the prices of agricultural products continued for long periods lower than at that time. He said to the Commons that it was a well-fed people alone that could either defend the country or produce wealth, and charged them with bringing about a deterioration of the population and "thus spoiling both the animal and intellectual creature." "It is not," said he, "a potato-fed race that will ever lead the way in arts, arms or commerce. . . ." Then turning to Mr. Peel he said: "You have reduced the tariff on 700 articles, but you have omitted the two that can give material relief to the people, corn and sugar." But the sliding scale of duties became the law and the corn from the United States, Russia and Prussia was kept out of Great Britain. In a recent volume entitled "The Hungry Forties" are gathered by Mrs. Cobden Unwin, a daughter of Richard Cobden, the testimony of men still living as to the condition of the laboring people in the early forties. I quote from this book the words of a Sussex laborer, David Miles: "Ay, I reklects the

“early forties afore the Corn Laws wor repealed. “Taters was what folks lived on then, an’ the Tories “ud ’ave it that a red ’errin’ and a ’tater wor good “enuff for any workin’man. When I wor just on “twelve the ’taters failed, an’ never shall I forgit ’ow “the folks went a-wanderin’ about, peerin’ at the “’taters, and tryin’ to find out what wor wrong wi’ ’em. “It wor awful bad for the low class; many on ’em “were nigh starvin’. If ’ee complained to the masters, “they on’y said, quite indiff’rent, ‘ ’Ee can go; we don’t “want ’ee.’ An’ if ’ee went to the vestry, which they “wor every blessed one on ’em farmers, and said ’ow “’ee wanted work, they’d ask, ‘Who’ve ’ee bin a-workin’ “for?’ an’ when ’ee answered, ‘Mr. So-an’-so,’ up the “farmer ’d get and declare ’ee was dissatisfied, and then “ne’er a one ’ud have anythin’ more to do with ’ee. “’Twas ne’er a bit o’ good leavin’ the parish; they’d “ask ’ee where did ’ee come from, and when ’ee said, “‘Heyshott,’ they’d say as ’ow they didn’t want no “furriners, and that there ’ud be the end o’t.”

So terrible was the condition of the people that tens of thousands of half-starved mill hands in Lancashire and Manchester and in other parts of England were incited by the Chartists to cease working and to make demonstrations through the country which threatened the disturbance of the peace. Crowds of factory hands went about compelling mill hands in other villages to cease work and declaring their intention not to return

to work until they had obtained the charter. These poor deluded workmen, believing in the statements of Chartist speakers that high prices made high wages, in many cases burned stacks of wheat, so that the price of their labor would be increased. Mr. Cobden and his followers did all they could to quiet these disorders. At Rochdale Mr. Bright helped to restore order and quiet by an address to the workingmen in which he discussed their condition, explained the causes of their misery and showed them that the charter was no remedy for their condition and that still less would public disturbance relieve them.

In February, 1843, a painful incident occurred in the Parliamentary life of Mr. Cobden which threatened for a moment the success of the Anti-Corn Law League. The Queen's speech at the opening of the session contained these words: "Her Majesty regrets the diminished receipts from some of the ordinary sources of revenue. Her Majesty fears that it must be in part attributed to the reduced consumption of articles caused by that depression of the manufacturing industry of the country which has so long prevailed and which her Majesty has so deeply lamented." Lord Howick, at an early night in the session, moved that the House should resolve itself into a committee to consider the passage in the Queen's speech in which reference had been made to the prevailing distress. The debate on this question extended over five nights.

Mr. Morley, in his "Life of Cobden," describes the words of Mr. Cobden and the scene which followed on the last night of the debate as follows: "If you [Sir Robert Peel] try any other remedy than ours, what chance have you for mitigating the condition of the country? You took the Corn Laws into your own hands after a fashion of your own, and amended them according to your own views . . . . You passed the law, you refused to listen to the manufacturers, and *I throw on you all the responsibility of your own measure . . . .* It was folly or ignorance" (Oh! Oh!). "Yes, it was folly or ignorance to amend our system of duties, and leave out of consideration sugar and corn . . . and I must tell the right Hon. Baronet that *it is the duty of every honest and independent member to hold him individually responsible for the present position of the country.*" When Cobden sat down, the Prime Minister rose to his feet, with signs of strong agitation in his usually impassive bearing. "Sir," he said, "the honorable gentleman has stated here very emphatically, what he has more than once stated at the conferences of the Anti-Corn Law League, that he holds me individually"—here the speaker was interrupted by the intense excitement which his emphasis on the word, and the growing passion of his manner, had rapidly produced among his audience. "Individually responsible," he resumed, "for the distress and suffering of the country; that he holds me

personally responsible. But be the consequences of these insinuations what they may, never will I be influenced by menaces, either in this House or out of this House, to adopt a course which I consider—" The rest of the sentence was lost in the shouts which now rose from all parts of the House. Cobden at once got up, but to little purpose. "I did not say," he began, "that I hold the right Hon. gentleman personally responsible." Vehement cries arose on every side; "Yes, yes"—"You did, you did"—"Order"—"Chair." "You did," called out Sir Robert Peel. Cobden went on, "I said that I held the right Hon. gentleman responsible by virtue of his office, as the whole context of what I said was sufficient to explain." This affair was the talk of all the newspapers of England, and was read by all the people with great excitement. Sir Robert Peel's friends claimed that it was a personal threat against the Prime Minister while the members of the Anti-Corn Law League and their adherents claimed that it was simply addressed to Sir Robert Peel as the representative of the Tory party with no thought of threatening him with violence.

In July, 1843, Mr. Bright was returned as member for Durham, and thereafter he and Mr. Cobden stood shoulder to shoulder in the Commons for the repeal of the Corn Laws. Nor did the words so unfortunately addressed to Sir Robert Peel stay the work of the League. During the year 1843 more than 9,000,000



tracts or stamped publications were distributed by the Anti-Corn Law League, hundreds of thousands of pounds were contributed for the campaign, and six hundred and fifty lectures were delivered throughout England and Scotland. The League now determined to carry the crusade into the agricultural counties, and to teach the farmers and rural laborers that they also were interested in the success of manufacturers and had a common cause with the workers in those industries in their need for cheap food and enlarged foreign markets. Mr. Bright and Mr. Cobden spoke together through the great agricultural centers of England and in many of the English cities. Attempts were made to storm the hustings, and threats of violence were heard at many meetings. Farmers were afraid to attend the meetings in their immediate neighborhood, and sometimes would travel forty miles from home where they could listen to the speakers without being known. Men were sent to the meetings to put questions to the speakers. Cobden and Bright challenged the members of the Commons representing the districts in which they spoke to meet them in debate, and on several occasions succeeded so fully in convincing the farmers and the laborers that the Corn Laws were injurious to their interests that by a vote at the end of the meeting resolutions in favor of free corn were carried. Open-air meetings, with thousands of hearers, took place all over England. At these

meetings free-trade processions carried big loaves of bread called free-trade loaves and small ones called protection loaves on poles and exhibited them to the people. But the lecturers in the smaller places did not fare so well. In many of these they were denied the use of the streets or the town hall or entertainment at the hotels and farmers would offer a bushel of wheat or more to any one who would throw the speaker into the river. When they talked in the street they were frequently arrested and fined for creating a disturbance, and at every point the great landlords harassed the speakers and made their life as unhappy as possible.

Nor was the campaign confined to the country districts. In March, 1843, Drury Lane Theatre in London was engaged for a week, and vast assemblies crowded to hear the addresses. Later a fund of £100,000 was raised to engage Covent Garden for fifty nights for a bazaar and demonstration, and to publish a weekly paper "The League." During this year several famous lords and great landowners declared themselves converts to the League and contributed considerable sums of money for its support. In November, 1843, the *London Times*, speaking of the great subscriptions which were being raised for the continuance of the work of the League and of the persistence of its agitators, said: "These are facts important and worthy of consideration. No moralist

can disregard them, no politician can sneer at them, no statesman can undervalue them. He who collects opinions must chronicle them. He who frames the laws must to some extent consult them. The League may be a hypocrite, a huge Trojan horse of sedition but the League exists . . . A new power has arisen in the state, and maids and matrons flock to theatres as though it were but a new translation from the French." In the year 1844 Mr. Bright and Mr. Cobden set out together for Edinborough to speak at all the principal places upon the way. In Glasgow at a single meeting £3,000 was raised for the League. The demand for speakers at meetings in Scotland became so great that Cobden and Bright separated each with a group of friends, Cobden going to the east of Scotland and Bright to the west. Every city they visited presented them with the freedom of their burghs. Tens of thousands of people listened to them and the great majority of the people of Scotland espoused the principles of the Anti-Corn Law League. During the month of February, 1844, the League conducted a special agitation in London, and large public meetings were held in Covent Garden Theatre.

In Parliament that year Mr. Cobden introduced a motion for the appointment of a committee "to inquire into the effects of the protective duties on the interests of the tenant farmers and laborers of this country." He concluded his address by moving for a select com-

mittee of inquiry because "the present system robs the earth of its fertility and the laborer of his hire, deprives the people of subsistence and the farmer of feelings of honest independence." Mr. Bright followed him and urged that "if the majority thought that the justice of the Corn Laws could be proved they would grant the committee at once." But they did not grant the committee. The depression among the farmers and the agricultural laborers grew during the year 1844. Wages fell to 7s. and 5s. a week, with wheat at 51s.3d. a quarter. Laborers living upon potatoes and meal were at starvation level. In Suffolk and Essex the wretched peasantry set fire to the ricks of corn, believing that thereby they would raise the price of wheat, and consequently their wages, just as our Southern planters a few years ago burned some of their cotton to increase the price. Men destroyed machinery because the Chartist leaders taught that the depression was the result of improved machinery. We wonder at such ignorance, but it is simply in accord with the teaching of Mr. Horace Greeley, Mr. Henry C. Carey, and Mr. Gaylord Wilshire. Mr. Greeley could see great benefits to labor from the burning of Chicago. Mr. Carey declared again and again that one of the greatest human calamities, a prolonged war between Great Britain and the United States, would be the very best possible thing for the United States, and Mr. Gaylord Wilshire has recently maintained that the San

Francisco earthquake will aid in continuing the prosperity of the country.

The income tax of 1842 was to continue only for a period of three years, and in 1845 Sir Robert Peel reported that the duties from a few articles like tea, coffee, sugar, and other commodities had produced a large amount of revenue, and, with the income tax, had more than supplied the needs of government. He proposed to continue the income tax for three years and to strike the protective duties from 430 articles then on the tariff list, saying to his followers that this would be a great advantage to commerce. Among the raw materials made free were silk, hemp, flax, yarns (except woollen), furniture, goods, manures, oils, minerals (except copper ores), dye stuffs, and drugs. In addition the remaining export duties were discarded, including the export duty on coal which had remained upon the statute-book for centuries. Although this change made a considerable reduction on sugar, it still preserved full duties in favor of the British West Indies, as against Cuba and Brazil, where sugar was raised by slave labor. The false reason for this was the discouragement of slavery. The true reason was that a few men, powerful supporters of Sir Robert Peel's administration, owned the sugar plantations in the West Indies, and their support was needed to carry out the other reforms which he proposed. In March, 1845, Mr. Cobden again

moved in the House of Commons to appoint a select committee "to inquire into the causes and extent of the alleged existing agricultural distress and into the effect of legislative protection upon the interests of landowners, tenant farmers, and farm laborers." He contended that the present tariff on corn being subject to frequent changes created great uncertainty and insecurity of tenure, since farmers would not lease land for long periods of time with no certainty as to the price of corn, saying, "Capital shrinks instinctively from insecurity of tenure, and we have not in England that security which will warrant men of capital investing their money in the soil." He declared the fundamental fallacy of protection to be "Taxing the whole community for the benefit of a section," and argued that a law which impoverished men destroyed their capacity for consumption, and therefore injured manufacturing, saying, "There are 960,000 agricultural laborers in England and Wales, and each of them does not spend 30s. a year in manufactures on his whole family if the article of shoes be excepted." In conclusion, he appealed to the landowners, the high aristocracy of England, "To play in a mercantile age that noble part which in feudal times had made their ancestors the leaders of the people." Of his speech Mr. Morley says: "The Prime Minister had followed every sentence with earnest attention; his face grew more and more solemn as the argument proceeded.

At length he crumpled up the notes which he had been taking and was heard by an overlooker to say to Mr. Sydney Herbert, who sat next him on the bench, 'You must answer this, for I cannot.' "

The end of the corn duties was at hand. Famine had joined hands with the Anti-Corn Law League. The diet of the Irish people at this time was largely potatoes. In some parts of Ireland they were almost the only produce of the land and the sole means of subsistence. In the middle of October, 1845, the crops were attacked by blight, and the people were threatened with famine. Anxious correspondence took place between Sir Robert Peel and Sir James Graham, a member of his Cabinet, and a commission to inquire into the state of the potato crop was sent to Ireland. In Manchester and throughout England the League held vast meetings and appealed to government to grant relief by opening the ports. On October 27th Sir Robert Peel wrote to Sir James Graham, "The Anti-Corn Law pressure is about to commence, and it will be the most formidable movement of modern times. Everything depends upon the skill, promptitude, and decision with which it is met." Daniel O'Connell, who had long been a member of the League and who had fought its battle in Ireland almost single-handed, sent accounts from Ireland of the terrible conditions, and demanded that party conflict should be laid aside in the presence of the great calamity impending over his

people. On the 31st day of October Sir Robert Peel proposed to his Cabinet that the ports should be opened to the admission of foreign grain by an Order in Council and that Parliament should be called together not later than the 27th of November. They separated without coming to a conclusion and again came together on the 6th day of November. The proposals of the Prime Minister were supported by only three members, the Earl of Aberdeen, Sir James Graham, and Mr. Sydney Herbert. On the 22d day of November Lord John Russell, the leader of the Whig party, who was in Edinburgh watching the progress of events, wrote an open letter to his London constituents in which he said: "I used to be of the opinion that corn was an exception to the general rules of political economy," but that he had changed his opinions, and at last had become convinced of the folly of the whole protective system. He concluded his letter as follows: "Let us, then, unite to put an end to a system which has proved to be the blight of commerce, the bane of agriculture, the source of bitter divisions among classes, the cause of penury, fever, mortality and crime among the people." Sir Robert Peel, with Lord Russell's letter before him, because of the disagreement in his Cabinet, tendered to the Queen his resignation as Prime Minister, and the Queen accepted it, and called upon Lord John Russell to form a Ministry. He was unable to do so, and her Majesty recalled Sir



Robert Peel and asked him to resume office. All of his prior associates, with the exception of Lord Stanley, agreed to act with him, and he returned to office relieved from his party pledges and proceeded to prepare measures for abolishing the Corn Laws. The League, however, were active, and at a great meeting in Free Trade Hall at Manchester on the 23d of December determined to raise a subscription of £250,000 for carrying on their work. Of this meeting at Manchester Mr. Morley says: "The scene has often been described how one man after another called out in quick succession 'A thousand pounds for me,' 'A thousand pounds for us,' and so forth until in less than a couple of hours £60,000 had been subscribed on the spot. There were 23 persons or firms who put down £1000 each, and 25 persons half as much." On the 20th of January, 1846, the Queen opened Parliament, and in her address recommended in general terms a revision of the tariff. Sir Robert Peel, in addressing the House of Commons, stated that he had closely watched the operation of protective duties during the past four or five years, and was now convinced that the arguments in favor of their maintenance were no longer tenable. He was convinced that high wages were not the result of high prices of food. He stated in detail to the House the increase in the amount of exports since the revision of the tariff in 1842, but did not disclose to the House his intention to propose

a repeal of the Corn Laws. On January 27, 1846, he proceeded to disclose fully the changes contemplated, carefully presenting all the duties upon manufactured articles which were to be removed, and the reasons for their removal, and finally completed by proposing the repeal of the Corn Laws, to take effect in 1849, with a largely decreased duty in the meantime. The first reading of his bill was carried by a majority of 337 votes, made up largely of Whigs and Free Traders, to 240, opposed. The motion was made to go into committee on the resolutions on the 9th of February, 1846, and after twelve nights of debate and one hundred and three speeches, by a majority of 97, the bill was finally passed, sent to the House of Lords, and there, through the influence of the Duke of Wellington, passed and returned to the Commons on the very night when the indignant landlords, uniting with the Whigs and with O'Connell, defeated the Coercion Act of the government applying to Ireland, and Sir Robert Peel resigned his office. In announcing his resignation Peel made an eloquent speech in which he ascribed to Cobden the chief credit of passing the Corn Bill, saying, "The name that ought to be associated with the success of the measure is the name of a man, who, acting, I believe, from pure and disinterested motives, has advocated this cause with untiring energy and by appeals to reason." A few days later, at the Free Trade Hall in Manchester before thousands of people, Cobden

said of Sir Robert Peel: "If he has lost office he has gained a country."

In 1852 Mr. Gladstone became Chancellor of the Exchequer and proceeded to complete the policy of Sir Robert Peel. He removed the duties on 123 articles and reduced those on 133 others, including most of the remaining duties on food. In 1860 he resumed the task, and reduced the number of taxed imports to 48, removing the last duty on manufactures of wool and silk and all differential duties. The timber duties were abolished in 1866, the shilling registration duty on corn in 1869, and the duty on sugar in 1875. The English tariff now is very simple, being levied on only fifteen classes of goods and for revenue only. Of these tobacco, tea, spirits, and wine produce about nine-tenths of the whole customs revenue of £21,250,000. The landowners and farmers enjoyed for a period of twenty-five years after the repeal of the Corn Laws such prosperity as they had never known, the price of their products as well as of their labor having greatly increased. The wealth of the United Kingdom in 1840 was \$20,000,000,000. In a paper read before the British Association in September, 1903, the great statistician, Sir Robert Giffen, estimated the wealth of the United Kingdom of Great Britain at \$75,000,000,000, equal to that of Germany and France combined. The people of Great Britain receive upon their investments in foreign countries and in their colonies \$500,-

000,000 yearly. The ship-owners of Great Britain receive from freights and charter moneys of their vessels in the neighborhood of \$500,000,000 more. Since 1840 pauperism has decreased fifty per cent., and the price of labor increased about seventy-five per cent., and the cost of the necessities of life decreased nearly half. Great Britain exports of highly manufactured articles nearly as much as Germany and France combined. Mr. Gladstone, speaking to the electors of Midlothian in the month of November, 1885, said: "I do not deny that there is distress, but it is less than it was before the free-trade reformation. When that reform began trade increased to a degree unexampled in the history of the world . . . The country has made a great step forward, and will not go back." Then pointing to the mountains in the distance, he said: "You might as well try to uproot the Pentlands from their base and fling them into the sea." In the contest of 1905 the issue was squarely drawn between the Conservatives, led by Joseph Chamberlain, advocating differential duties against foreign countries and duties to be agreed upon with her free colonies, and the Liberals, Nationalists, and Labor Party on the other side. The result was that the Liberals elected 385 members of the House of Commons, the Nationalists 84, and the Labor Party 43, while the Conservatives elected only 158, giving the free traders 512 out of the 670 members in the House of Commons.

## CHAPTER X

### THE TARIFF IN GERMANY

THE history of Prussia and of the German states prior to the nineteenth century is one of universally restricted trade. Every district in Germany regarded its neighbor as foreign, and every locality had its special tariffs. The guilds still existed; the petty barons exercised jurisdiction over the commerce upon rivers, those of the Rhine imposing tolls upon boats, and all attempts to trade were hampered with regulations. The leading idea of Frederick the Great was to make Prussia a self-sustaining state. He erected barriers around her frontiers for the purpose, not only of restricting imports, but of preventing exports. He forbade the introduction of any class of goods into Prussia that could be produced at home. He was wise enough, however, to know that it was better policy to export manufactured goods than raw materials, since in that case the foreigner was purchasing the labor of the exporting country, so he forbade the export from Prussia of raw material. If the foreigner's goods were not sought, the foreigners themselves were welcomed, and the Thirty Years War having de-

populated the country and destroyed its wealth, he sought immigration from Holland and France. He encouraged the small peasant proprietors, aided them by subsidies, built roads and canals, did away with the ancient guild system, encouraged foreign trade enterprises by establishing trading companies, and made Prussia, so far as his powerful will could accomplish it, a self-sustaining state. At the beginning of the last century Prussia was one of the great agricultural states of Europe, eighty per cent. of its inhabitants following the occupation of agriculture. During the reign of Frederick William III and under the wise statesmanship of Stein and Hardenburg, Prussia was given greater freedom in thought, in speech, in action, in trade, in industry, and in government. In the second decade of the nineteenth century the direct encouragement of industry by state aid ceased, to be renewed only in recent times. A Cabinet order issued by Frederick William III from Carlsbad, August 1, 1817, declared that the principle of free import of foreign manufactures in return for a small duty should be the basis of the legislation of the Prussian state for all future time. Some slight reaction inspired by the teachings of Fredrich List occurred later, but so free was the trade of Prussia that William Huskinson expressed a hope in the House of Commons in 1825 that the time would come when England would follow Prussia's example,

In 1817 the representative of Württemberg in the Federal Diet brought forward a proposition for the confederation of the German states for commercial and customs purposes on the basis of the Prussian Law, and later, between 1819 and 1833, a customs union known as the Zollverein, between eighteen states, with a population of 23,000,000 people, was concluded to continue for a period of eight years. Before those years had expired several other states had joined the union, the customs duties being levied for the common account and divided among the contracting states according to population. In 1867, by treaty between the North German Confederation and South German States, a new customs union was concluded, with a Parliament armed with legislative powers in customs matters for a period of twelve years. Two years later the customs laws and ordinances of the Union were modified, and they passed into the legislation of the New Empire, becoming substantially the basis of the new fiscal system which lasted until 1879. The late Professor Albert Schaffle writes of this customs union as follows: "Until the beginning of the sixties, under a largely bureaucratic treaty system of administration, the Zollverein maintained a commercial policy which, while moderately protective and fairly stable, yet slowly and cautiously aimed at freedom of trade." The conclusion of Prussia in 1862 of a treaty of commerce with France, came into operation through-

out the entire area of the Zollverein in 1865, and gave a stimulus to the new movement. Prince Bismarck carried that treaty through the Prussian Parliament, and he was at that time not only a free trader, but the favorite of the free-trade party. After the French treaty and during the sixties the free-trade sentiment among German manufacturers and educated men increased. On August 27, 1867, a Congress of political economists and representatives of industry was held at Hamburg, and they called for the immediate revision of the customs tariff in a free-trade spirit. It was recommended that the tariff should henceforth be restricted to a few articles chosen for their suitability as sources of revenue, and that thus, "by abolition of the protective system, larger resources might be secured to the community and the state, and elbow-room be given for the economic activity of the individual." In 1868 the duties on wine were reduced, in 1869 those on sugar, then came, in 1873, the reduction of the iron duties, and finally, in 1875, a law was enacted providing for their entire disappearance, to take effect from the first day of 1877. The abandonment of the protectionist policy was the work of three Prussian Ministers: Martin Friedrich Rudolf Delbruck, Otto Camphausen, and August von der Heydt. The trend of opinion among competent observers seems to be that the tariff policy of the Zollverein, with interstate freedom of trade, opened up great possibilities of internal



growth, and that the moderate tariff which it established was a shelter especially against English competition and tended to lay the foundation for the recent growth of manufacturing.

The Franco-German War transformed Germany. The French indemnity was paid over long before it had been expected and was expended too rapidly for Germany's good. Of this indemnity a German writer says: "It broke over us like a waterspout carrying devastation everywhere, whereas, if it had fallen gradually in the course of time and in small quantities, it might have been beneficial in an extraordinary degree." Bismarck, in a speech before the Reichstag made May 2, 1879, said: "I do not know what the Empire would do with a superabundance of money; we had it when the French milliards came to us, and in the spending of it we got ourselves into a certain amount of perplexity." The perplexity which Bismarck speaks of was that the milliards were spent rapidly in the building of railways, fortifications, public works, and buildings, and gave an undue impetus to industry. Between 1871 and 1873, 843 new public companies were formed in Prussia, more than four times the number which had existed at the formation of the Empire, and by 1877 half or more of them had gone into liquidation. Directly when the expenditure on state and public works ceased stagnation began; men found themselves in the possession of works and

plants which had been built or extended on an excessive scale in order to meet the temporary prosperity. By 1878 industrial depression had reached a climax and thousands of laboring men were walking the streets without work and manufacturers were clamoring for a stimulant. These are exactly the conditions in which protective tariffs arise. Again, united Germany had just become a nation and the cry of the people was, "Let our institutions be made truly national; let us become independent economically as well as politically; let us become a self-controlled, self-supporting Empire." These facts account for the popular demand for the protective tariff which was enacted in 1879.

Bismarck was Chancellor when the reductions in duties had occurred in 1873 and 1875, and had always declared himself a free trader. On October 19, 1849, speaking in the Prussian Lower House, he said: "The Deputy for Crefeld regards the protective duty as a protection of the manufactories against foreign countries, while I, on the other hand, regard it as a protection against the liberty of the native population to buy where it may appear cheapest and most convenient; in other words, the protection of the home country against the home country. Protective duties and compulsory guilds impose a sacrifice upon the part of the population for the benefit of the other part, especially the obligation to buy goods at a higher price than

would otherwise be the case, in order that this other part of the population may be ensured bread and be protected. But protective duties have also the disadvantages that in the main they only enrich a few factory proprietors. This is their sole result, for I have never seen that factory operatives have put away large savings or become rich." The Imperial Constitution adopted in 1871 had provided, that in so far as the expenditures of the Empire were not covered by revenues set apart for its special use, the deficiencies should be made up by contributions from the Federal States according to population. These were known as matricular contributions and their aggregate amount was fixed each year in the Imperial Budget. This dependence of the Empire upon aid from the several states was irritating to Bismarck. He wished to provide the Empire with a sufficient independent revenue, so that it need no longer rely on the states and their legislatures, and declared the system unjust because based upon population irrespective of considerations of wealth. On November 22, 1875, in the Reichstag, he said: "Speaking entirely from the standpoint of the Empire, I seek as great a reduction as possible, if not the complete abolition of the matricular contributions. It is scarcely disputed that the form of the matricular contributions is one that does not fall upon the contributory states in proportion to their capacity. I might say that it is a crude form which may serve as

a makeshift so long as we are not able to provide the Empire in its early youth with revenues of its own. If, however, it is acknowledged that it is a tax which is not just in its incidence, it cannot be regarded as a means of consolidating the Empire." Again he said: "The great cement of a strong common financial system is lacking to the Empire so long as it is founded only on matricular contributions. That these contributions fall unequally is a question of justice, but to diminish them is in my opinion the task of a well-considered Imperial policy." And again in the same speech he said: "The consolidation of the Empire will be promoted when the matricular contributions are replaced by Imperial taxes." On May 2, 1879, advocating the passage of the first tariff act of the Empire before the Reichstag he said: "The first motive which impels me in my political position as Imperial Chancellor to enter upon such a reform is the need of the financial independence of the Empire. This need was recognized when the Imperial Constitution was drawn up. That Constitution presumes that the system of the matricular contributions should be a temporary one and should only last until Imperial taxes were introduced . . . We ask for a moderate protection of national labor. We are far removed from any system of prohibition such as exists in most neighboring countries, as, for example, in America, which was formerly our principal buyer, where the duties average from

60 to 80 per cent. *ad valorem*." Not only was Bismarck interested in consolidating the Empire and removing it from dependence upon aid from the several states, but he desired to establish a great army and navy and to make the German Empire the most formidable state of Europe. To accomplish that end, the people must be heavily taxed, and he was anxious to extract the money from the people's pockets without their knowing that he had taken it. The German Empire was entirely free from debt in the year 1875. To-day it has a national debt of nearly a billion dollars, while the debts of the Federal States have largely increased, the aggregate debt of the Empire and the states being now close on to four billion dollars. On May 21, 1869, speaking in the Prussian Diet, he said: "Direct taxes always press on the taxpayers with a certain angular brutality." And on November 22, 1875, speaking in the Reichstag, he said: "I declare myself as essentially favorable to the raising of all possible revenue by indirect taxes, and I hold direct taxes to be an onerous and awkward makeshift. Indirect taxes, whatever may be said against them theoretically, are, in fact, less felt. It is difficult for the individual to calculate how much he pays and how much falls upon his neighbor, but he knows how much income tax he pays." A little later he said: "Those who want to see the electors dissatisfied with government will hold fast to the direct taxes; those who

seek to promote content in the population will be more for indirect. That is the result of practice and experience, and I need not develop the sociological reason for it. Whoever offers opposition wants to see discontent amongst the people, and will devise means to find it and to excite it by representing the government as incapable, malevolent and perhaps only as clumsy." Here you have the secret why the German Empire adopted a different policy than the Zollverein. Here you have the cry of every ruler ambitious to consolidate and increase his power: "Get the money out of the people for governmental purposes without their knowing it." Despotic government is almost impossible with direct taxation. Every revolution in English and American history has come out of determined opposition to an unjust direct tax. Direct taxation is almost necessary to the existence of free government. Vigilance on the part of the people in watching the affairs of government is practically impossible without direct taxation. Take their money from the people without their knowing it, and by and by you can take their liberties also.

The tariff bill received the Imperial assent on July 7, 1879, and went into effect on January 1, 1880. The duties imposed were intended to be revenue producing and not prohibitive, and amounted upon the aggregate to about 20 per cent. Many non-competitive articles, like coffee, tea and petroleum, were singled out for

special taxation on account of their productiveness of revenue. Duties were imposed upon wheat, rye, oats, barley, and other agricultural products, but the duties compared with the recent tariff were very low. Emperor William was a pronounced protectionist, and on July 20 he wrote to his Chancellor as follows: "I must now congratulate you on the victory you have gained in the Reichstag on the question of the customs tariff reform. To your many outside victories must now be added this one on internal financial questions. You undertook to stir up a wasp's nest, and I sided with you from conviction, although I feared the result of your enterprise. It is rare that such a complete change of public opinion has been achieved in such a short time, and one sees that, after immense work and effort, you hit the right nail on the head. Some damage may have been done in the process, but a majority of 160 votes is a triumph which will sweeten many of your bitter hours of preparation and fighting. The Fatherland will bless you for this; although the Opposition may not do so." Germany's return to protection created a general reaction among her neighbors. Russia, Austria and France increased their duties in 1881 and 1882.

Instead of the duties improving the condition of agriculture by 1885, the prices of wheat and rye were lower than they had been for thirty years. Many industries like soap and perfumery, the machine trades

and the clothing trades had petitioned the government to remove the duties upon their raw materials. By 1885 such depression had come that industries again appealed to the state to protect them from foreign competition, and Prince Bismarck prepared a bill that became law revising the tariff in the line of further protection. Two years passed, and the agricultural party again reminded the government of its obligation to protect agriculture, and in 1887 a further increase of duties on corn and live stock was given. The wages of the working classes slightly increased, but dearer food, rising rents, and heavier taxation counterbalanced this, and the actual condition of labor was worse than before 1879. By 1891 a crisis was at hand, the harvest had failed, the price of corn rose to an alarming height, the people were hungry, popular demonstrations and riots took place in Berlin, and the larger cities of Germany, and the corn duties had to be suspended.

Bismarck had retired from office and Count Caprivi, an army officer, held the office of Chancellor. The agrarians, whose political activity had brought about the tariffs of 1885 and 1887, regarded Caprivi as out of sympathy with their desires. He was neither rich nor a landowner, and during his administration they fought him step by step, and finally forced the Emperor to remove him. Caprivi believed that Germany had brought about her commercial isolation by her tariffs, and he proposed to return to the policy of lower duties



by commercial treaties with foreign countries, as the existing tariffs were about to expire. Russia, Italy, Switzerland, and Spain had notified Germany of their intention to increase their tariffs, and Caprivi averted this by negotiating treaties. In December, 1891, the Chancellor laid before the Reichstag a series of treaties with Austria-Hungary, Italy, Switzerland, and Belgium intended to come into force February 1, 1892, and to last until December 31, 1903. These treaties fixed the duties in each country for a period of twelve years, making mutual concessions to the extent of admitting many articles free. Germany subsequently negotiated treaties with Rumania, Servia, Nicaragua, Japan, and Spain; but France and Russia, with some of the smaller states, adhered to the policy of customs autonomy. Russia in 1891 had enacted a highly protective tariff, which bore with special severity upon Germany. Caprivi was willing to enter into a treaty with Russia reducing the duties on foodstuffs, but only on the condition that Russia should in return lower the duties on German industrial products. Negotiations were carried on for some time, but no agreement could be reached and Russia announced by Imperial order her intention of enforcing her maximum tariff against Germany. The German government resorted to retaliation, and not only enforced their maximum tariff, but increased the duties imposed on Russian goods by 50 per cent. Immediately the Russian authorities re-

plied by increasing their maximum tariff by 50 per cent. against German goods and increasing the dues payable by German shipping in Russian ports. A tariff war between these two countries was on, and it lasted from August 1, 1893, to March 20, 1894. Then negotiations were taken up, and Russia lowered her tariffs on 120 articles in the importation of which Germany was interested, while she secured in return lower duties for her grain exports to Germany, although the German agrarians fought with all their power to continue the war.

Our relations with Germany during the period between 1891 and the new tariff of 1903 were controlled by the treaty with Prussia of May 1, 1828, and later by the convention of the 10th of July, 1900, by which we extended to Germany the concessions yielded to France, Italy, and Portugal and in return received the advantage of the German conventional or minimum tariff. In making these tariff treaties the German government had in their own words "declined to consult the various industries concerned, believing that in not obtaining the advice of interested parties they would be less biased than they might otherwise have been." How different this from our methods of making a tariff. We not only consult the manufacturers exclusively, but our Congressmen allow them practically to write the schedules. Everybody is given all they ask for, especially if they have contributed freely to the national

campaign fund of the successful party. Such a thought on the part of Congressmen as the propriety of obtaining expert knowledge from disinterested sources, instead of consulting the very men who are to be allowed by the duties to increase their prices to the American people, is unknown for the last thirty years.

The Emperor, in recognition of the success of Caprivi in making these treaties, conferred the title of Count upon him, and wrote of him as follows: "That simple, homely Prussian General has in two years succeeded in making himself conversant with and in mastering problems of extreme difficulty, with a rare political insight. He has, at the right moment, saved the Fatherland from evil consequences. I believe that the achievement represented by the introduction and conclusion of the treaties of commerce will prove for posterity one of the most important historical events, and is literally an act of vital moment. I am convinced that not only our Fatherland, but millions of the subjects of other countries which are united to us in the great Customs League, will sooner or later bless this day." Notwithstanding these kind words from the Emperor, the agrarians had sufficient power with him to force Caprivi from office and place in his stead Prince von Hohenlohe-Schillingsfürst, one of the largest landed proprietors in the Empire and one of the leaders of Agrarianism. During the continuance of the treaties Germany was especially prosperous. For

a period of six years after the treaties came into effect her exports increased by tens of millions yearly. The Berlin Merchants' Association said in 1896: "It must be conceded that the treaties certainly have had those favorable consequences for Germany's export trade which impartial judges predicted would result from them. In fact the commercial and industrial activity which has been so apparent in Germany since 1894 is directly due to these treaties." Professor Lujo Brentano, writing in 1902 of the effect of the commercial treaties, said: "In fact, since the conclusion of the Caprivi commercial treaties, the wealth of Germany has increased as in no equal period of its long history before; the population has rapidly grown; emigration has fallen to a figure unknown in the history of the whole nineteenth century, and other nations, full of astonishment, envy us this."

We have now reached a point of German history which immediately concerns the people of the United States, and that is the von Bülow Tariff, which went into effect on the 1st day of March last, the effect of which is suspended as to the United States for one year. That tariff is the direct result of the agitation of the agrarians, and we cannot understand the situation without knowing who they are, what objects they have in view and how they accomplish their ends. Their leaders are the great landowners of Prussia and Germany. In round numbers 25,000 large landowners

divide between themselves one-fourth of the land of the whole German Empire, then come 281,000 large peasant proprietors owning together one-third, making 306,000 persons owning fifty-four per cent. of the soil of the country. The remaining part of Prussia and the German Empire are owned by 5,250,000 small cultivators who own the land divided into small farms averaging not to exceed five acres, barely sufficient to raise grain for the support of themselves and their families. Thus the Agrarian Party has about 300,000 large landowners who are benefited by high protective duties upon grain. Many of these men are members of the Conservative or National Liberal party and have seats in the Council or the Reichstag, and, having but one object in view, namely to secure benefits for themselves, by throwing all other considerations aside, they have made themselves the dominating power of the German government. Apart from the will of the Kaiser and the Federal Council, Germany can neither make nor unmake a law. At the same time, without the consent of the Reichstag, no statute can be passed. The agrarians are willing to vote for any legislation which the Emperor desires if he in return will permit them to dictate the tariff upon agricultural products. The result is that the government has to purchase their support at the cost of the people in exactly the same way that political parties in this country purchase the support of the captains of industry at the expense

of our people. So thoroughly bigoted are the agrarians, so solely have they only their own interests in view, so indifferent are they to the welfare of their country, that when the government a few years ago, perceiving that a system of canals from the Rhine to the Elbe would facilitate the carriage of produce from one side of the country to the other, sought to pass a law through the Prussian Landtag authorizing the construction of such a system, the agrarian landowners of Prussia defeated the law upon the ground that the carriage of American grain into the interior would neutralize the effect of the duties on grain. One of the leaders of these agrarian junkers is Count Kanitz, an East Prussian nobleman and a type of the whole junker class. On April 7, 1894, he proposed the passage of a law in the Reichstag directing that the state should purchase outright all the corn imported into the country and retail it at prices which should not be below a favorable average of past years, the idea being that the market price of corn thus sold out of the public granaries would determine the price of the entire amount of grain produced at home. Prince Hohenlohe, the Chancellor, himself an agrarian, declared that he would not countenance such a dangerous step towards socialism, and to this statement Bebel, the Social Democratic leader in the Reichstag, retorted that to enrich a single class at the expense of the community was not socialism, that socialism proposed that the government

should own all property for the benefit of all. The Agrarian Party has a large membership, raises considerable sums of money for carrying on its work and supports a large staff of itinerant lecturers whose business it is to organize the agricultural classes, to instruct them as to the grievances of the landowners, to marshal them at election, and to see that they vote for agrarian candidates. The agrarians are most useful to the Emperor in his struggle with the socialists, carrying on in his behalf an active campaign against socialism. In 1900 an unpleasant incident, which seemed quite like the conditions in our own country, brought out in strong light the danger of an alliance between the government and a protected interest. A high official of the Imperial Home Office was proved to have accepted a contribution of \$3,000 from the Central Association of German Industrialists for use in the promotion of anti-socialistic measures. When that official was interrogated in the Reichstag he acknowledged the truth of the allegation and accepted responsibility for the act of his subordinate. In 1900 the agrarians found the Emperor at their mercy when the bill for an enlarged navy was introduced in the Reichstag, and they gave him the choice of abandoning any increase in the navy or committing the Empire to the policy of protection run mad. The Emperor, to save his army and navy, surrendered to the army of agrarians. The result was that when Count von Bülow became Chancellor in October, 1900,

with the fate of Caprivi to warn him, he capitulated before a crusade of the agrarians and consented to the tariff of 1903, the maximum duties of which are, after those of Russia, the highest in Europe. This tariff was brought about in this way: The agrarians are represented largely among the Conservatives, the Free Conservatives, the National Liberals, and the Anti-Semites, four of the ten parties in the German Reichstag, and being willing to grant anything to these or to any other party in the Reichstag if they can attain their own ends, they have become all-powerful. When a new tariff was determined upon in 1900, they invited in the representatives of manufacturing and said to them: "You may have any duties you desire, but in return you must give us such duties on our products as our interests require. Give us so much duty upon wheat and rye, and we will give you as much as you wish upon iron. Give us so much upon beef and pork, and we will give you so much upon woolen and cotton." In this manner, which we understand thoroughly in the United States, the recent tariff was made. This tariff consists of what is known as a general tariff and a conventional tariff. The highest duties are found in the "general tariff," and are intended to be used as a club to compel foreign countries to enter into commercial treaties with Germany, reducing their own duties; in case they do so sufficiently to satisfy the German government, it gives them the advantage of the lower



duties known as the conventional tariff. The "general tariff" of Germany increases the prior duties on wheat 114 per cent., flour 156 per cent., maize 212 per cent., wood 25 per cent., lard 25 per cent., bacon 80 per cent., pork 176 per cent., beef 200 per cent., rye 70 per cent., barley 100 per cent., oats 115 per cent. The duty on saccharine has been increased to 8000 marks per 100 kilos. Agricultural machinery has been increased 88 per cent., and so the increase of duties runs through all the products of agriculture, with a smaller increase upon manufactures. These duties are as monstrous as those of the Dingley Bill, and have been brought about in the same manner. Such high duties would be of no value to our farmers because they export about one-third of their entire product; but the German land-owners do not produce wheat and other grains sufficient to meet the home consumption, and the result of their high tariff is the same as the result of our tariff upon manufactured products with trusts existing to make it effectual. It simply raises the price of the home product up to the duty line.

The manner in which this tariff was eventually passed is worthy of attention. Every careful observer of the trend and current of legislation in this country has seen with apprehension the changed methods of enacting laws. Thirty years ago public measures were carefully prepared and thoroughly discussed before they were passed. Discussion on the part of leading

members in Congress then availed something, because it changed men's opinions and votes; but that time has passed. The party leader now marshals his party with military tactics and if a bill is especially bad, he jams it through without allowing discussion. In just this manner the German tariff was passed. There were 700 odd duties affecting manufacturing and agricultural products in the German tariff bill, and after it had been reported by the committee a combination of Clerical, Conservative and National Liberal members, without permitting any discussion, moved the passage of the bill, and, in our American phrase, "jammed it through." Of this tariff the Commercial Treaties Association, consisting of 20,000 members, its membership employing 1,500,000 men and representing the industries of the whole German Empire, say: "The parties composing the majority in the Reichstag "have unfortunately succeeded in securing the adoption "of the customs tariff, which has been altered for the "worse by the amendments of the committee. The "Commercial Treaties Association consider it to be all "the more incumbent on them to persevere in the task "of endeavoring, by spreading information among the "people, to ensure that in the future German commercial policy shall, in view of the greedy appetite of the "agrarians, be guided into moderate courses, and that, "as a first step, the result of the elections may furnish "a prospect of the reduction of the exorbitant duties

“of the tariff, which are greatly to the prejudice of the  
“internal economic conditions of Germany; the Com-  
“mercial Treaties Association will now, as before, con-  
“stantly endeavor by their active co-operation to pro-  
“mote the conclusion of advantageous commercial  
“treaties for long periods of time in the interest of the  
“overwhelming majority of the German people.”

The result of this recent German tariff has been that Russia, Austria, and Switzerland, in answer to it have revised their own tariffs, and increased the duties in all points that affected German trade. Other European countries have increased their tariffs, and the result is that German industries, both for the purpose of procuring their raw material cheaper and for the purpose of introducing their manufactured articles into other countries without the payment of duties, have found it necessary to establish branches abroad. Dr. Eugen Moritz, in his work “Eisenindustrie, Zolltariff und Aussenhanddel,” enumerates 7 large iron works which have established as many branches in foreign countries: 16 machine works which have established 26 branches; 7 electrical companies which have established 20 branches; 7 textile companies which have established 10 branches; 9 chemical works which have established 16 branches; and 6 glass, cement and other companies which have established 9 branches. All the industries of Germany have gone into the hands of syndicates which regulate both the production and the sale of

hundreds of different plants. These are required to transact business entirely through the mediation of the syndicate and to conform to the regulations which are issued in the common interest by its officials. Among these is the Steel Works Association, formed in 1904, which has entire control of the domestic sales and exports of all the iron and steel in the German Empire. The objects of this Association are to maintain a uniform price list in the home market, generally as high as the duty will allow, and to prevent a reckless cutting of quotations abroad. All domestic competition is in this way destroyed, and the syndicates are able to sell products which they control at a price just below the tariff duty line of importation. These syndicates interrupt all connection between the manufacturer and the customer, and the result is that if the manufacturer quits the syndicate, he finds himself compelled to begin all over again. The effect is that the home purchaser is charged the largest amount which the tariff will allow, while the foreigner purchases German exports in his own market at low prices. In Germany no disguise is made of the fact that very cheap selling in foreign countries is only made possible by dearer selling at home.

Bismarck's idea in giving the landowners high duties upon their products was to induce laboring men in increasing numbers to work upon the farms and thus stamp out the socialism of the cities. He called the

agricultural interests the stable element that would act as a counterpoise to the floating population of the towns which furnished the socialist members in the Reichstag. But the result has been directly the opposite from what he expected. The rural population in 1871 was 64 per cent. of the people and the urban population 36 per cent. Now the urban population is more than 54 per cent. and the rural population 46 per cent.

The results of protection in Germany, if measured by the condition of agriculture and the condition of laboring men in the factories and upon the farms, is anything but assuring. Between 1871 and 1895 the agricultural population of Germany increased one per cent., while the industrial population increased fifty-seven per cent. and the commercial population sixty-seven per cent. The large landowner seldom follows agriculture as a calling, and lives the leisurely life of a nobleman or politician. The system of large ill-managed estates has been handed down in Germany from feudal times. The landowner's estate is generally mortgaged to the full extent which he can procure thereon. Protected by high duties, he is lulled into a condition of apathy and indolence. It having been admitted that it is the duty of the state to protect agriculture, it is unnecessary for him to resort to improved methods of farming or to exhibit enterprise in his work. The idea of self-help has been sapped out. The

state having assumed responsibility for making his business pay, it is hardly necessary for him to continue to shoulder the burden himself. It results from this condition that what is known as intensive farming does not exist to any considerable extent upon the large estates of Germany. Antiquated machinery and antiquated methods prevail and the great landowners are the most backward of all Europe outside Russia. The condition of the laboring men, both in cities and upon the farm, is simply terrible. Mr. Andrew D. White, our former Ambassador to Berlin, gives this description of the German laboring classes: "The food of the poorer classes in Germany is wretched; in many of the great industrial centers human beings live like animals. The condition of the peasants in Prussia, Silesia and Thuringia is fearful. This terrible misery is hidden by the humanitarian political institutions which deceive the superficial foreign inquirer, but they are the merest disguise for the all-directing state, and already falling into ruins." The laboring classes upon the great estates are in a condition hardly to be distinguished from the serfs of a hundred years ago. In the great estates in the north and northeast of Prussia, in Pomerania and the Mecklenburgs the daily wage of an average laborer is about 20 cents a day the year round. In upper Silesia it is said there are hundreds of farm laborers who only receive from 12 to 14 cents a day. The custom is to give the farm laborer the use of a

house and a small piece of land for tillage. A Berlin journal describes the homes of the east Prussian farm laborers as follows: "The houses are small and dilapidated, and the walls falling in through age, being built in a very primitive manner of clay and wood. The owner hardly does anything at all in the way of repairs; the laborers themselves have to do all the necessary patching. No wonder, therefore, that the wind whistles unhindered through every niche and cranny, and that rain and snow sweep through the rent roof of straw. For each family there is but one small, narrow living room, with a bedroom and a little lumber room. The floor is of clay, uneven and full of holes; a floor of brick is regarded as a luxury. The rifts in the walls are stopped up with rags, pieces of turf, etc.; the windows have long been broken, and the holes are either covered with paper or are filled with rags, moss, or wisps of straw. The internal arrangements correspond—a couple of rickety chairs, a table, the indispensable 'settle,' and the clumsy bedsteads. The limited space is naturally insufficient to afford to the inmates sleeping accommodation suited either to rational or moral ideas, especially where there is a large family. Should there be a lodger, and he has to sleep on the floor perhaps with hens for company, he must not be surprised if the rain trickles down upon his head or the snow drifts an inch thick upon his bed-cover. When the frugal meals are

“being eaten it is no rare thing for sand and pieces of earth to fall through the holes in the rude plank ceiling if the hens should be scratching above. It is by the provision of ‘free dwellings’ of this kind that the landowners manifest their much-vaunted solicitude for their laborers. In reality, the pigstyes of the agrarians east of the Elbe are far better fitted up than the miserable huts of the day laborers.” The farm laborer, working for twelve, thirteen and fourteen hours a day, receives less than half the amount which the English farm laborer is receiving, while the average pay of the operatives in the factories is about two-thirds of the average pay of operatives in the factories of England. The operatives in the German factories while receiving much less pay for a day’s labor than the English operatives are mulcted in extra cost for all the necessities of life in much the same way as the operatives in the American factories. During the last year or two the price of meat in Germany has gone up so rapidly that thousands of the laboring people are unable to purchase it. The *Berlin Tageblatt* recently said that a beef steer which cost \$32.45 in Berlin in July, 1904, cost \$34.40 in July, 1905, and \$36.87 in July of the present year. In September last the price had risen to \$41.75. The price of other meats has gone up in the same ratio, and the government, in league with the agrarians, seems to be doing everything it can to make the cost of living so high that the operatives in the German factories



cannot enjoy the common necessities of life. In 1904 the government practically prohibited the importation of American hogs, and in the same year forbade the importation of hogs from Belgium, Holland and England. In 1895 it stopped the importation of pork from Denmark. In 1900 it prohibited all imports of sausages and canned meats, and stringent regulations against the importation of cattle on hoof have recently been enacted. The result is that the German operatives and farm laborers know little of the comforts enjoyed by the English and the American laboring man. In about every German city you will find markets for the sale of horseflesh, and it is largely eaten by the laboring classes. Our American farmers will never have reason to fear competition with the farmers of the German Empire. A German critic well describes the great German landowners in the following language: "Instead of meeting foreign competition, helped as it is by the use of the most advanced technical improvements and by the intelligent management of the estates, the Junkers fall back, with lamentation, upon the support of the State in the form of protective duties and export premiums; and instead of paying and treating their laborers decently, training them to greater productivity, and interesting them in their work, they do exactly the opposite, and build their expectations upon reactionary coercive measures which shall bring the laboring men still further under their heel. A well-paid energetic

“laboring class would at once put an end to the labor  
“problem on the land, not simply because it would be  
“able to work in general more efficiently than the pres-  
“ent exhausted helots, but because it would facilitate  
“the extended use of machinery, now comparatively  
“little employed in agricultural operations. At present  
“it is naturally difficult to procure good and capable  
“laborers for this machinery, but the blame rests en-  
“tirely with the large proprietors, and particularly with  
“the Junkers, who have done everything they could to  
“make it impossible for intelligent workmen to live on  
“the land.”

The chemical industry in Germany is worthy of attention. For many years the great chemical plants have had in their employ the professors of chemistry in the different universities. In no other line have German patience and thoroughness been rewarded by such great industrial results. These professors not only have made important discoveries themselves, but have developed into practical results the discoveries of the English chemists. The present annual value of Germany's chemical products is upwards of \$300,000,000. During the last fourteen years her imports of chemicals have been stationary, but her exports have more than doubled, amounting to considerably above \$100,000,000.

The protectionists of Germany no longer ask protection for the purpose of cultivating new or young

branches of industry, but, without disguise, they demand a state guarantee by means of customs duties to procure a definite interest upon their capital and rent of land. They do not seek, by means of labor-saving machinery and the payment of good prices to intelligent labor, to furnish the products of the farm in abundance and cheaply; they do not resort to the intensive system of farming; but they ask the state to come in and maintain the rent of their land and their rate of interest, and thus practically they establish state socialism as an example to the millions of laboring men in the factories of the towns and cities. Is it any wonder that socialism grows rapidly in Germany, that it already casts 3,000,000 of votes, that it has a large representation in the Reichstag and a majority of the voters in about all of the German cities, if not, by reason of the cumulative voting, a majority of the votes? Mr. Dawson, in his excellent work "Protection in Germany" says: "The word [socialism] is like poison "on the tongue of the average Protectionist, whether "agrarian or industrialist, yet in effect his demand implicitly concedes the Communistic principle. For if "the landowner is to be secured his rent, and the capitalist his interest, why not the merchant his profits, "the workman his wages, the professional man his fees, "and everybody else his special form of remuneration? "But a system of universal bounties, under which everybody is equally subsidized at the common expense—

“which means in the last resort his own—would be “nothing less than Communism *sans phrase*. That “was why Count von Caprivi with statesmanlike foresight ranked agrarianism with Social Democracy as “one of the revolutionary elements of society.”

Germany came forth from the war of France with a sense of strength and confidence. That feeling has communicated itself to the field of manufacturing, and in the exports of manufactured products she stands next to Great Britain. She has shown great vigor, enterprise, and ability in the prosecution of industries. But, to secure success, she must find vent for her manufactures. Can she lead in the world's industries while she attempts to shut out the imports of grain and food from other countries?

It is apparent that the conditions in Germany to-day are almost identical with the conditions in England before the repeal of the Corn Laws, and Cobden's arguments would apply equally as well as to England in 1840. Germany's great landowners practically govern Germany. They have voted to themselves high customs duties against the importation of all like products to their own. They have formed themselves into a vigorous fighting organization, and demand that agriculture shall be regarded by the state as its primary concern and shall be given preference over every other interest. The cost of living has been greatly increased. Terrible burdens are thus placed upon the poorly paid

factory operatives, and the agricultural laborers are in a condition little better than serfage. The shutting out of foreign agricultural products by reason of the high tariff and the consequent high prices of food affect manufacturing in precisely the same manner as the Corn Laws in England affected manufacturing in the forties. Will not the manufacturers soon appreciate this? Will Germany produce a Cobden or a Bright to lead the battle against the agrarians? Is the spirit which achieved the repeal of the Corn Laws living among the German manufacturers and the German workmen? In their very selfishness will not the agrarians eventually bring about a revolution? The liberty of the individual is none too well secured in Germany. The doctrine of *lesé majesté* has been carried to lengths which astonish English-speaking people, and liberty of the press does not exist. Will power go on usurping more power, or will the people of Germany vindicate their rights?

## CHAPTER XI

### THE REMEDY

WHEN a particular wrong is clearly produced by a certain cause, it has ever been the policy of those who are responsible for the existence of the wrong and who desire its continuance to direct the eyes of the people to remedies which are not effective. This method has characterized legislation in this country in recent years. Great fortunes accumulated rapidly by reason of governmental favors have aroused much indignation among the people, and their unrest over these things has impressed the leaders of political parties. Consequently a few months ago the President, in a speech on a public occasion at Washington, brought forward a remedy for these conditions. He said: "As a matter of personal conviction, and without pretending to discuss the details or formulate the system, I feel that we shall ultimately have to consider the adoption of some such scheme as that of a progressive tax on all fortunes, beyond a certain amount, either given in life or devised or bequeathed upon death to any individual—a tax so framed as to put it out of the power of the owner of one of these enormous fortunes to hand over

more than a certain amount to any one individual; the tax of course to be imposed by the national and not the state government." In other words, the policy of our President would seem to be to allow the continuance of the tariff, whereby immense sums of money are gathered into the hands of individuals and corporations, and then upon the death of millionaires take a portion of that wealth for the purposes of our government. Any such discrimination at death against the property of men of great wealth will imperil the right of all men to their property. Destroy privilege, and matters will adjust themselves aright. It is in the interest of the poorest man in the United States, as well as the wealthiest, that but one rule prevail as to the property of men, and that rule be one of justice.

At Cincinnati, September 20, 1902, President Roosevelt said: "If in any case a tariff is found to foster a *monopoly which does ill*, why of course no protectionist would object to a modification of the tariff sufficient to remedy the evil." Here we have the wisdom of withdrawing the support of the tariff from monopolies made to depend upon whether the *monopoly does ill*. A monopoly to control the prices of commodities, in the nature of our modern trust, has been under the condemnation of the English Common Law for five hundred years. The fact that it was a monopoly controlling the prices of the commodities of life was sufficient to condemn it as one which did ill. A stock-

holder of such a monopoly who in a court either of law or equity attempted to enforce any rights springing directly out of the contract to form such a monopoly was simply turned out of court. This rule prevails as to our existing corporate monopolies in precisely the same way as it was applied in the Sugar and the Standard Oil Trust cases. It matters not whether some judge or jury may believe that the monopoly is a blessing to society, the question of its ill effect is determined solely by finding that it is a monopoly to increase the prices of the necessities of life. In a recent English case the defendant had built a pier out into a navigable stream, the pier being of great convenience to the people. The jury found the fact that the alleged nuisance had been erected by the defendant, but that the inconvenience was counterbalanced by the public benefit arising from the alterations thus made. The court held that this finding amounted to a verdict of guilty, and stated a most salutary principle in the following language: "In the infinite variety of active operations, always going forward in this industrious community, no greater evil can be conceived than the encouragement of capitalists and adventurers to interfere with known public rights from motives of personal interest on the speculation that the changes made may be rendered lawful by ultimately being thought to supply the public with something better than what it actually enjoys." When government puts its hand upon



the private property of one citizen through a protective tariff and trust and turns that property over to increase the private property of another citizen, it is no longer free government, it is already a species of despotism, and though the forms of liberty may continue, the real liberty of the citizen is not worth a fig.

Now let us examine another one of the spurious, showy, and sensational remedies invoked against the trusts. Everywhere in recent days those who have made the laws that brought trusts into being have at the same time been passing penal statutes to punish them. Persons creating a monopoly for the purpose of controlling the price of the necessities of life are criminals under the common law, and they ought to be regarded as criminals. Their offence against society is a most grievous one. It is right that they should be punished, but what is wrong is that the penal statute is brought forward by politicians and legislators as the only remedy for the sole purpose of diverting the people's attention from an efficient one. Even if legislators in good faith sought a criminal remedy against the abuses of the trust, they would seldom find themselves successful in a contest with the vigilant dexterity of these private interests. It is idle for the legislator to take action against the machinery which the trust uses to rifle the public's pocket and still leave the cause of the trust existing. Such statutes are the direct result of the action of demagogues and the teachings of sen-

sational newspapers. In recent years they have been teaching the American people that all the evils of our civilization are political and can be remedied only by penal statutes. When the words of patriotism and pride "I am a Roman citizen" were upon the lips of the great and virtuous men of the Roman republic her laws were few and simple and could be inscribed on twelve tables; but centuries later, when Rome was a city of palaces and her wealth was in the hands of a few men who were debauched by luxury, the Julian Law contained more than a hundred chapters against extortion. This indicated a condition where the rulers sought to restrain by legislation the passion for money which individuals had lost the power to control by moral restraint. In our own country the multiplication of penal statutes has a most ominous foreboding. Some student a thousand or two thousand years from now may be searching among our statutes for a diagnosis of the maladies which destroyed us, just as historians have seen in the Theodosian Code the evidence of the causes of Rome's decay. The politicians create the conditions out of which monopolies naturally arise, and then attempt to make political capital with the people by an attack upon the very evil which they have created. Newspaper editors, with apparent indignation, assail the trusts and then show their insincerity by advising the passage of laws to punish trusts which they know or ought to know will never be en-

forced. Think of the ordinary American politician wishing to destroy the trust! If the trust was destroyed, to what source would he turn for his campaign disbursements? In practical experience it is found that the public officers who owe their positions to a party that has received campaign disbursements from the trusts will not vigorously enforce the criminal statutes against them. In many cases the very official provided for the enforcement of the criminal law is a man who owes his nomination to the evil which he is expected to destroy. The law of the State of New York for thirty years has made the establishment of a monopoly to control the prices of the necessities of life a misdemeanor, yet I can recall only two such prosecutions. During the same time there have been actually tens of thousands of violations of that law, violations which were open and above board, known of all men, but not punished in the State of New York.

Are the results in the enforcement of the Sherman Anti-Trust Law in the United States Courts any more assuring of the efficiency of such penal remedies? Whenever a conviction occurs under this act great prominence is given to it in the newspapers, and we ought to know from these sources something about the number of criminal convictions. I make bold to say that there have been not to exceed twenty convictions in fifteen years in the United States Criminal Courts under this act, and that those have been largely con-

victions of servants or inferior agents of trust. Repose the power in district attorneys to regulate monopolies, and you will find eventually that the monopoly will regulate its regulators. Repose the power in the central government to control the destinies of these great monopolies, and you will find that the freedom of the individual citizen is eventually impaired. In the tariff enacted by the Australian Commonwealth Government it is provided that, in the event of it appearing that the manufacture or sale of any article is controlled by a trust, the Ministry of the day shall have the right and it shall be its duty, by an executive act, to temporarily abolish the protective duties upon the articles controlled by the trust. This power, however, is very liable to abuse. Why create the conditions which allow the trust to exist and then give power to some central body to either suppress or not suppress the trust as that power shall determine? The exercise of such a discretion can generally be controlled in favor of the trust. The intervention of the United States government or the state governments into private business is a symptom which points to a time when your President or your Governor becomes a "Little Father" who will benevolently control all private and individual affairs, and he will control them in the United States as he does in Russia, in the interest of the great and powerful and with indifference to the welfare of the masses.

The true remedy against our trusts is to seek out the

cause of a trust and to remove that cause. This is a perfectly simple and natural remedy, and lies close at hand. It applies to public matters the same rule of wisdom which men apply in their own affairs as to health, business, and every private transaction in the world. If typhoid fever or some other epidemic is sweeping over your community and you find that it results from sewage or some other physical cause, you will remove the cause and not rely solely upon the skill and remedies of medical practitioners. Some visitors who were being shown over a pauper lunatic asylum inquired of their guide what method was employed to discover when the inmates were sufficiently recovered to leave.

"Well," replied he, "you see, it's this way. We have a big trough of water and we turns on the tap. We leave it running, and tells 'em to bail out the water with pails until they've emptied the trough."

"How does that prove it?" asked one of the visitors.

"Well," said the guide, "them as ain't idiots turns off the tap."

Throw down the tariff wall which encircles every trust which is selling its domestic product at high prices, and at the same time selling in foreign markets at lower prices than at home, and let the trust contend with the full stream of international commerce. If it continues to exist, it will be because it sells its products at home for cheaper prices than the cost of the imported foreign product.

The trusts control a considerable proportion of the politicians, legislators, and newspapers in this country to-day. They are allied with the banking interests, give millions to charity, and are debauching the American conscience through their campaign gifts. But slavery in the fifties ruled the country almost as effectively, and when it stood at the very brink of war and disaster, it was apparently at the very height of its power. Read the history of How England Got Free Trade and you will see how this giant evil can be destroyed. The people must be aroused to the danger to their liberties as well as to their property from protective tariffs and trusts. Our democratic government needs to-day leaders burning with indignation and horror at the injustice of this legalized robbery of the people. We need agitators like Garrison and Phillips, like Cobden and Bright, who hate in their hearts and with all the loathing of their souls this cruel injustice. The people in each locality should be organized into patriotic societies pledged to vindicate their rights against these oppressive trusts. Such an organization cannot be accomplished by men acting within the lines of existing parties. The whole party machinery is prepared and perfected with the idea of destroying the exercise by the people of any influence in the control of government. The political boss of a party in county, state, or nation practically nominates his candidates for office before the delegates

to conventions are elected. The delegates come together in convention simply to ratify his selection. The same methods prevail in both parties, and when the people come to vote it is simply a choice between the boss of one party who is the tool of corporate interests and the boss of the other party who is also a tool of corporate interests, and the candidates of either party as a rule leave small choice to the voter.

What a happy condition it would be if we possessed a few thousand men as loyal to the interests of their country as the politician is to his party! This would be the thinking patriotism upon which the German prides himself. The story goes that Napoleon and the King of Prussia were talking of the respective merits of their soldiers when Napoleon boasted that the French soldier was the most patriotic in all Europe. The Prussian King denied this. "Ah, let us see," cried Napoleon, and, summoning one of his guardsmen, he ordered him to jump out of a window which was forty feet above the ground. The guardsman saluted and jumped into eternity. Whereupon the King of Prussia ordered one of his common soldiers to do the same thing, but the German drew himself up and asked, "Is it for the Fatherland?" Receiving the answer, "No, it is for myself," he turned on his heel and said: "Then I will not do it." Within the last few years a young politician in New York, of kindly and generous nature, on the morning of the day ap-

pointed for his trial on an indictment for a criminal offence jumped from the window of his apartment to death, and the newspapers declared that he did it to prove his loyalty to other politicians associated with him. I know not how this may be, but this I do know, that if men were one-half as loyal to their country as they are to party chiefs, such abuses as I have described in these pages could never have continued for forty years. The people have been following the leadership of politicians for so many years that they have lost to some extent the power of initiative, and though the forms of a democratic government exist, the spirit of democracy has fled. Again, political parties do not even differ on great public questions, and they regard such questions only as instruments of political advancement. The vital force of the two existing parties has been greatly impaired by reason of the loss of faith on the part of their leaders in the common sense and good judgment of the voters. These leaders have come to believe that the few are wise and the many are ignorant. On the contrary, the hugest wrongs and crimes in the annals of the race, the wars that have wasted the world and desolated mankind have been the work of the ruling minority and not of the masses of the people. The people are very much wiser than the politicians believe them to be. The party of the future which will do away with the usurpations of government must have the courage and the



wisdom to plant itself on the unerring instinct of the masses of the people. "The mind of a people may be considered as a great mind made up of millions of units, each almost insignificant if taken separately, but in most cases unerringly logical when acting as a whole. The instinct of a great people is as logical as the instincts of a wild animal." What the people need to see is that the power which is bestowed on party managers is just so much power subtracted from the just authority of the mass of the citizens, and that party leadership as it exists to-day is anti-democratic in all its tendencies. The creed that good becomes evil if carried on under one party and evil good if carried on under another is not calculated to bring into life great civic virtue or moral perception, and if free government is saved in this country, it will be saved by men who will break with their party a hundred times over rather than see a continuance of the condition where vast wealth controls government, dictates the policies of parties, and takes unjustly from the citizen his hard-earned money to increase its millions. A

What we must have in this country if its institutions are to be saved is a rebirth of patriotism. The patriotism which we need is of an entirely different quality from that which demagogues describe. Like the Chinese, we have been indulging so long in exultation over our greatness, we are instructed so thoroughly in the idea that our form of government

is perfect, that we have come to believe that somehow it will perpetuate itself, and that we may without fear of invasion of our rights go to sleep. Constitutions however wise or laws however good will not perpetuate liberty. The Declaration of the Rights of Man did not save from death a single one of the innocent citizens dragged before the French Revolutionary Tribunal, nor did the American Declaration of Independence, with its proclamation of the inalienable rights of man, deliver a single negro from slavery. Let it become the fashion of the new patriotism to bravely tell the facts against us as well as for us. Let us see our faults while we hug our virtues. Self-complacent dreams of sanguine optimism blind us to the real duties of patriotism. Although our people are made up of all the races of the world, the demagogue has made capital with them by attempting to create prejudice against foreigners and to attain his object in that way. After the expulsion of all other Europeans from Japan two hundred years ago the Dutch, as every student well knows, were allowed to retain a trading settlement in the Island of Nagasaki, but they were regarded, as ignorant and bigoted people are apt to regard foreigners, with suspicion, and it was dangerous to be friendly to them. It was taken for granted that a friend of foreigners must be an enemy to his native land. Hence to overcharge a Dutchman or to cheat and defraud him was looked

upon as a patriotic act. Just so the demagogue, when you seek to relieve the people from the burdens of trusts resulting from the tariff on foreign imports, cries out that you are acting in behalf of foreigners, that you are influenced by English gold, and there are not a few people in this country who are affected by such words. Indignation at the existence of wrong is an essential element of patriotism. When Dr. Franklin, as agent for the colony of Pennsylvania, was a witness before a Committee of the English House of Commons considering the duties imposed upon imports to the colonies, one of the members said to him: "You cannot get along without our woolen goods, you must have them." "We can get along without them," responded Dr. Franklin indignantly. "And how can you get along without them?" said the member. "We will eat no more lamb, we will grow our own wool, we will make our own woolens." These words were the expression of the true American spirit which gave birth to free government on this continent. Can the Sons and Daughters of the Revolution find any better field for patriotic labor than in seeking a rebirth of the patriotism which will free our country from a burden a hundred times more oppressive than the slight taxes which led to the Revolutionary War? Let men in all walks of life gather into societies and cultivate a new patriotism without which the spirit of liberty will be destroyed in this country.

Let the people come together, not as Republicans nor as Democrats but as Americans loving their country and ready to join battle against the interests which corruptly rule it. There is no other question of importance before the country. It is simply a fight at close quarters between the people and this mighty system of wrong and corruption. In order that such patriotic societies should be beneficial, their chief object must be the discussion of public questions. Thirty or forty years ago men had convictions upon public questions and felt intensely over them. At every cross-road and village hamlet throughout the land you would find men whittling sticks and talking politics, and often the opinions of that class of men were quite as sound upon public questions as those of their representatives in Congress. Our exclusive attention in these days to the newspapers, with their myriad disconnected items of fact and fancy, tends to blind us to the importance of great events, upon which may hang the whole future of our civilization. Our people are ceasing to be jealous of the infringement of their liberties, and are becoming altogether absorbed in one end, the making of money. Establish in each village and hamlet in this country a debating society where everyone can meet and discuss public questions, and you will do more to destroy the existence of the boss and the corruption of public life than in any other possible way. The door to such a society should

be as wide as humanity. Hear not only wise men, but fools, upon every subject, and if the debate does not enlighten it will surely benefit the debaters, and when you have reached conclusions upon the justice or injustice of our protective system, send delegates to a general convention and frame your demands upon political parties. Give no support to the party which will not specifically agree to your propositions in its platform. A platform dealing in political generalities is not to be relied on. It is idle to call our tariff a robber tariff, and, after the people have sustained you, disappoint their hopes by enacting a high tariff Wilson Bill. For at least twenty years the producers of every product now made by the United States Steel Corporation, with the exception of tin plate, have been able to produce them cheaper than their foreign competitors. Yet during all that period those producers have enjoyed protection in the amount of about 50 per cent. upon their products, and have unjustly taken from the American people billions of dollars. The duties on iron ore, pig iron, steel, tin plate, wool, woolen and cotton cloth, hides, sole leather, borax, lumber, paper, lead, refined sugar, salt, and chemicals should be repealed, and unless a political party in its national platform will specifically agree to repeal those duties, the people should refuse to support its candidates and should meet in national convention and nominate their own candidates. Support no Congressman who will

not specifically agree in writing to repeal these duties. A considerable organization of citizens, having no other motive than the public welfare, refusing to act within party lines and giving its support only to that party which specifically agrees to vote for the public purposes declared to be beneficial by such an organization, can make itself all-efficient in remedying present conditions. An organization of this kind formed within either party to influence its action will effect very little. Every Congressman feels that the power exercised by political parties in practically fixing the price of the necessities of life through tariffs is a power which he cannot afford to part with, and he will continue to use this power for the benefit of great corporations until he sees that the people are in earnest and determined to have their rights. The way for the people to secure those rights and to perpetuate free government is to insist upon and obtain in both state and national government the right to the Referendum. For many years by the provisions of the Swiss law important public questions have been submitted to the people for their direct determination by ballot. The traveler through the mountain passes in Switzerland will find in many villages liberty halls where the people assemble and discuss these public questions. The Referendum is the cause of this discussion. If we would stimulate discussion upon public questions and preserve our free institutions, the attention of the

people must be directed not to political parties, not to party leaders, but to the merits of proposed legislation; and no way will be found more efficient to attain this end than the direct submission to the people of important laws. Submit directly to the people the question of the continuance of the Dingley Tariff, give them an opportunity to discuss among themselves the matter upon its merits and take their decision thereon unaffected by allegiance to political parties, and the great mass of the people would vote against this system which extorts hundreds of millions, if not billions, of dollars each year from their hard earnings. May the people see their danger and wage a successful battle.

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